Sustainability Website 2023

Contents

3 Message on Sustainability from the CEO

6 The SUBARU Group's Sustainability

- 7 SUBARU's Vision/policy
- 9 About the SUBARU Group's Sustainability
- 10 CSR Promotion System
- 12 Stakeholder Engagement
- 15 SUBARU Group's Six Priority Areas for CSR
- 17 TOPICS of the SUBARU Group's Six Priority Areas for CSR

38 Environment

- 39 Environmental Management
- 53 Environmentally Friendly Automobiles
- 66 Climate Change
- 80 Resource Recycling
- 87 Water Resources
- 90 Biodiversity
- 95 Prevention of Pollution
- 98 FYE March 2023 Environmental Performance Data for Plants and Offices

109 Social

110 Respect for Human Rights

117 Quality: Automotive Business

123 Quality: Aerospace Business

126 Making Safe Vehicles

136 Human Resources

161 Customers

167 CSR Procurement

174 Community Engagement

188 Governance

189 Corporate Governance

206 Compliance

211 Risk Management

220 Appendix

221 Corporate Overview

227 Third-party Evaluations

228 Editorial Policy

230 GRI Content Index/TCFD Content Index

231 GRI Content Index

238 TCFD Content Index

Message on Sustainability from the CEO

Message on Sustainability from the CEO

Develop innovation leaders and realize our vision of "delivering happiness to all"

Representative Director, President and CEO
Atsushi Osaki

Achieve world-leading monozukuri and "value creation"

Amidst this once-in-a-century transformation in the automotive industry, taking on the mantle of leadership is a profound responsibility.
Over the years at SUBARU, we have been working on various reforms to evolve the Subaru Difference in pursuit of delivering happiness to all. Although our corporate culture reforms and quality enhancement efforts have no end goal, I feel that they have become a cornerstone of SUBARU.
In an era marked with uncertainty and rapid and unpredictable change, we find ourselves not only competing with our traditional industry peers but also facing the need to surpass and outcompete companies from unrelated sectors who bring entirely new perspectives on value.
In light of this, we are stepping upon our concept, "Evolution of the Subaru Difference," aiming to accelerate it and set our sights on achieving world-leading monozukuri ("manufacturing") and "value creation". In terms of monozukuri, we will pursue "monozukuri innovation" by "Becoming One Subaru" through the integration of manufacturing, development, and the supply chain, enabling high-density manufacturing, cutting development lead times, the number of parts, and the production process in half. In terms of "value creation", we will further evolve "Enjoyment and Peace of Mind" as the value that SUBARU provides in products at the heart of our customers, retailers, local communities, and SUBARU itself. The determination of new management is to take on the challenges of "monozukuri innovation" and "value creation" and see them through within five years by 2028.

Aligning initiatives in the same direction in an unstable environment

In FYE March 2023, the global economy showed signs of recovering from the ongoing COVID-19 pandemic, yet it remained volatile due to a range of environmental changes, including the prolonged Russia-Ukraine conflict and escalating energy costs.
Even in the midst of such circumstances, we have been steadily progressing with three priority initiatives from our Mid-Term Management Vision, STEP, namely "Corporate Culture Reforms," "Quality Enhancement," and "Evolution of the SUBARU Difference." In our efforts related to CSR, we have been accelerating activities within the framework of the SUBARU Global Sustainability Policy established in April 2020, focusing on the Six Priority Areas for CSR. Recognizing respect for the rights and characteristics of individuals as an important issue, we have concurrently formulated a Human Rights Policy. Based on this policy, from FYE March 2021 to FYE March 2022, we carried out human rights due diligence in the domains of human resources and procurement to identify business-related human rights risks and formulate measures to address them. In FYE March 2023, we transitioned into a phase of ensuring the implementation of our response measures, not only within SUBARU but also collaborating with our business partners to address various challenges.
A strength of SUBARU lies in our ability to align our efforts to drive the Company forward. To ensure that everyone is aligned and performing at their best, we concentrate on transparently addressing current issues and challenges while nurturing a collective understanding of the direction we should pursue. Capitalizing on this strength, we will advance our efforts in CSR and respect for human rights not only within the SUBARU Group but also in collaboration with our business partners throughout the supply chain.

Accelerate activities in the Six Priority Areas for CSR

Within the Six Priority Areas for CSR, our endeavors in the domains of Peace of Mind, Diversity, and Environment have gained significant momentum.

In terms of Peace of Mind, we are continuing to implement activities through three distinct approaches, positioning them as integral to SUBARU's foundation, in alignment with our quality enhancement initiative—one of the paramount themes within our STEP strategy. The first approach involves "the thorough implementation of a quality-first mindset and reinforcement of organizational efforts and structure". We have been holding an event called the Quality Caravan not only in Japan but also in North American production subsidiaries, where we share actual cases of defects that have occurred and prevention measures. This initiative aims to promote an awareness of quality throughout the SUBARU Group. The second approach involves "execution quality enhancement" to prevent defects in mass-produced products reaching the public. In August 2022, we began operations at a new final vehicle inspection facility to conduct more rigorous assessments. This facility enables us to ensure compliance with various national regulations and evaluate quality based on customers' usage criteria. The facility has been designed with input from our employees engaged in inspections, with systems and structure aimed at reducing workload, providing peace of mind in the workplace. The third approach focuses on "innate quality enhancement", starting upstream in new vehicle development, and involving our business partners from the initial research phase. By working on consistent quality assurance from the upstream stages of development to production and logistics, we have seen a steady reduction in the number of recalls and vehicles affected, as well as overall quality-related costs. In 2023, we released the Crosstrek, incorporating the three aforementioned quality enhancements. Quality enhancement is one of the cornerstones of the SUBARU brand, and we are dedicated to maintaining our efforts going forward.
In addition, we are striving to strengthen technology supporting Enjoyment and Peace of Mind, with the aim of achieving zero fatal traffic accidents in 2030*. In addition to the existing EyeSight and SUBARU Global Platform, we introduced EyeSight X to the market in 2020. In 2022, we enhanced the capabilities of EyeSight by incorporating a Wide-Angle Mono Camera for the North American market's Outback and the Japanese market's Crosstrek and Impreza. This adoption strengthened our preventive safety performance. We will continue to promote efforts vigorously towards achieving zero fatal traffic accidents by enhancing our advanced driver assistance systems, thus minimizing accidents caused by SUBARU vehicles. We are also incorporating technologies such as the Advanced Automatic Collision Notification (AACN) system to reduce accidents involving vehicles from other companies.

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

At the SUBARU Group, we see Diversity, one of the Six Priority Areas for CSR, as a characteristic both of people and products, and we believe that respecting diversity in our employees also leads to diversity in our products. Within the scope of employee diversity, we have been striving to create a comfortable workplace environment, place the right individuals in the right positions, and nurture talent, to facilitate the success of our diverse human resources.
In human resource development, we are actively creating mechanisms and environments that facilitate the growth of the individual and providing a wide range of learning opportunities with the aim of fostering autonomous career development. In our efforts to empower women, we are working toward attaining the target we set of more than doubling the 2021 number of female managers by 2025. Initiatives include conducting various training programs for female employees aspiring to become managers and organizing dialogue sessions with female executives. In terms of product diversity, we launched our first battery-electric vehicle (BEV), the Solterra, in 2022. This vehicle not only embraces electrification but also embodies the distinctive Subaru Difference with its high overall safety performance.

For the Environment, we regard the protection of SUBARU's fields of business—the global environment comprising the earth, the sky, and nature—as a crucial theme. In April 2023, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD), and to contribute to realizing a decarbonized society, we established a long-term vision along with medium-term goals as their milestones, and we are actively working towards achieving them. To accelerate this, we are directing the Company's focus towards BEVs and channeling our management resources into this endeavor.
With regard to our electrification plan, we have significantly revised our goal, aiming to increase the EV sales ratio to 50% by 2030, exclusively through BEVs. This means selling 600,000 BEVs out of a total global sales volume of 1.2 million units. Additionally, by the end of 2028, we will introduce a total of eight BEV models, expanding our product lineup.
In terms of production infrastructure to support EV sales, in May 2023, we announced an increase in BEV production capacity at our plants in Japan, doubling it from 200,000 units to 400,000 units.
In addition, we are extending our production plans for next-generation e-BOXER vehicles and BEVs featuring the Toyota Hybrid System. These vehicles, originally slated for production in Japan, will now also be manufactured in the United States. As a result, our global factory production capacity will reach a level of 1.2 million units. During the transitional phase toward electrification, we are closely monitoring environmental regulations and market trends in the automotive industry. We plan to stay nimble and responsive by utilizing the reorganization of the production structure at our Japanese and U.S. plants. Our approach is grounded in the principles of flexibility and scalability, allowing us to navigate through uncertain and challenging times until a clearer direction emerges.

Develop innovation leaders to earn the appreciation of customers and local communities

Creating the Subaru Difference requires individuals with diverse values, and we believe that our human resources form the foundation of everything we do. To not only survive but also surpass others in this era of uncertainty and rapid and unpredictable change, it is important to actively nurture innovation leaders and create opportunities for them to thrive. This is something I deeply embraced during my time as a full-time officer in the labor union. We will focus on nurturing innovation leaders and creating a culture where talent with diverse values work together in different settings, fostering mutual respect and tolerance. This will enhance SUBARU's competitiveness, contributing to vehicle diversity and enhanced monozukuri.

SUBARU's manufacturing has always been centered on the lives of our customers. In particular, our sales subsidiary in the United States has achieved remarkable success with the "Love Promise" initiative, which has developed into a program that forms strong connections among individuals through automobiles, uniting customers, retailers, the local community, and SUBARU. This initiative reflects SUBARU's dedication to contributing value to society and the future. By maintaining and expanding these efforts, we aim to achieve our goal of delivering happiness to all. We will continue to work tirelessly towards being an organization cherished and admired by all.

Representative Director, President and CEO

Atsushi Osaki

The SUBARU Group's Sustainability

7 SUBARU's Vision/policy

9 About the SUBARU Group's Sustainability

10 CSR Promotion System

12 Stakeholder Engagement

15 SUBARU Group's Six Priority Areas for CSR

17 TOPICS of the SUBARU Group's Six Priority Areas for CSR

SUBARU's Vision/policy

SUBARU's Vision —Delivering happiness to all—

In May 2021, SUBARU consolidated the multiple corporate principles into three key pillars.

Our corporate statement is "We aim to be a compelling company with a strong market presence built upon our customer-first principle."
The value we deliver to our customers is "Enjoyment and Peace of Mind." This was established at the same time as the said corporate statement. We recognize that this is a value we must deliver to our customers to deepen our SUBARU-ness, not influenced by changes in the times or external environment, and further enhance our brand.
Our vision is "delivering happiness to all." We established this vision when we changed our company name to SUBARU CORPORATION in 2017. This vision came to us from watching what our customers do: We learned what SUBARU should do from our customers.
Based on these, we will sustainably grow SUBARU as a global brand in the automotive and aerospace businesses and enhance its corporate value over the medium to long term.

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, the 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.

About the SUBARU Group's Sustainability

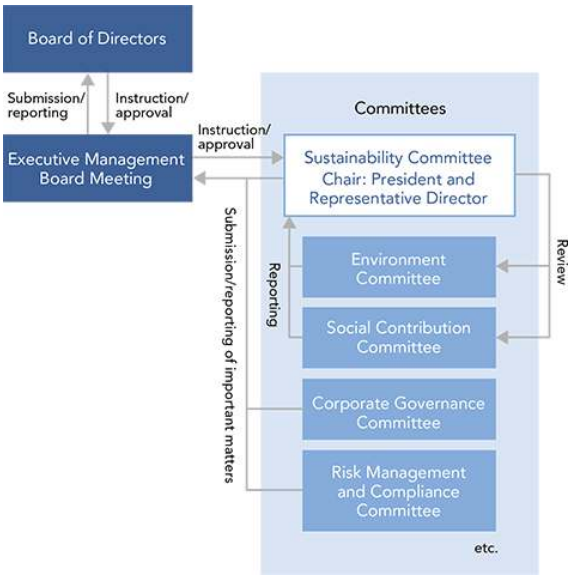
About the SUBARU Group's Sustainability

We envision becoming a company "delivering happiness to all." To achieve this vision, we have adopted the Six Priority Areas for CSR and will 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 with sustainable growth driven by each and every one of its employees, and to contribute to the realization of an enjoyable and sustainable society.

CSR Promotion System

CSR Promotion System

The Sustainability Committee was established as a forum for discussing all kinds of CSR initiatives by the SUBARU Group, and meets twice a year. The Sustainability Committee is headed by the President and Representative Director, and all of our executives are members. The committee considers business issues from a social perspective and works to strengthen CSR efforts.
We comprehensively promote CSR initiatives as a unified SUBARU Group to realize our sustainability in cooperation with bases in Japan and overseas, and monitor the PDCA status of related committees and departments. Details of the initiatives are deliberated and reported on at Board of Directors' meetings. Moreover, in coordination with Group companies in Japan and dealerships, we share information with CSR managers appointed by each company.
The various activities we conduct in the Group are communicated and disclosed appropriately through channels such as the Sustainability & CSR section of our website, our Integrated Report, and our digital in-house magazine, leading to further enhancement of the SUBARU Group's CSR initiatives.



Initiative for Widespread Adoption of CSR

Promoting Group-wide Understanding and Permeation

In the SUBARU Group, we are taking various steps for each employee to gain a deeper understanding of CSR in order to promote initiatives in this area. We not only provide educational opportunities to SUBARU executives but also conduct rank-specific training for new managers, new associate managers, and new recruits. Since FYE March 2021, we have been expanding the scope of measures to enhance understanding to Group companies worldwide by sharing SUBARU's perspectives through meetings and other means. In FYE March 2023, we shared our unique tools for promoting understanding with Group companies in Japan and dealerships to further facilitate awareness.

Initiatives in FYE March 2023 and Beyond

Target	Description
SUBARU	・Hold rank-specific training for new recruits, new associate managers, and new managers ・Conduct e-learning on the SUBARU Group's CSR for all managers and Head Office employees, with plans to expand the scope going forward
Group companies in Japan	・Utilize materials from e-learning conducted at SUBARU
Dealerships in Japan	・Hold meetings of the CSR Promotion Conference to share the CSR-related initiatives of dealerships and utilize materials from e-learning conducted at SUBARU
Overseas Group companies	・Promote CSR initiatives based on the circumstances of each company

VOICE

Feedback from employees after CSR e-learning

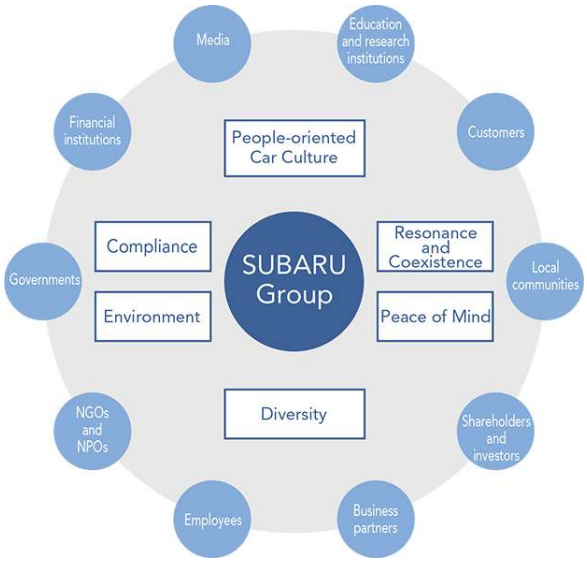
- The e-learning prompted me to contemplate the essential factors for SUBARU to establish a "people-oriented car culture" in the field of automobile manufacturing, where the role of cars as a mode of transportation is becoming increasingly vital, particularly with the advent of electrification and autonomous driving.
- I reaffirmed my understanding of SUBARU's social responsibility and gained a deeper appreciation for the importance of corporate compliance.
- I came to understand that the SUBARU Group's CSR initiatives contribute to the achievement of the SDGs and have an impact on our children's future.
- Since all Six Priority Areas for CSR apply to my job, I not only want to understand them but also strive to put them into practice. I learned the importance of proactive actions to earn trust and empathy from society. I hope to gain further valuable insights from Subaru of America Inc.'s initiatives and apply the newfound knowledge in my own work.
- I aim to contribute to the enhancement of the SUBARU brand by advancing CSR initiatives with customers and dealerships in Japan through our business activities.
- I realized that it is not only essential to generate profits through our core business but also to coexist with the local community and environment for SUBARU's sustainable growth.

Stakeholder Engagement

Stakeholder Engagement

The SUBARU Group's CSR initiatives place importance on the relationship with stakeholders. The SUBARU Group believes that disclosing information to stakeholders, engaging in dialogue with them, and reflecting their opinions and requests in the management of the business are all important. In order to realize its vision of becoming "a compelling company with a strong market presence" as stated in the management philosophy, the SUBARU Group will continue to make efforts to gain trust from its stakeholders, and to provide meaningful community engagement while at the same time increasing its corporate value.

SUBARU Group's Stakeholders and Their Relationship with the Six Priority Areas for CSR



Methods to Communicate with Stakeholders at the SUBARU Group

Stakeholders	Communication Method
Customers	Establish SUBARU Customer Center, implement satisfaction surveys, and hold events.
Local communities	Encourage traffic safety through safety workshops and traffic guidance. Schedule cleanup activities by employees and hold exchanges with local residents.
Shareholders and investors	Hold shareholder meetings (annually), issue reports, and publish information online. Hold interviews with institutional investors and investor briefings. Hold factory tours.
Business partners	Hold procurement policy briefings, practice regular exchange of information, and recognize business partners that are making major contributions in technology, quality, etc.
Employees	Hold labor–management consultations, carry out stress checks and the employee attitudes survey, and conduct educational training by profession and rank.
NGOs and NPOs	Respond to questionnaires and surveys, implement regional and local community engagement activities, and make donations to support shared philosophies.
Governments	Participate in economic and industry associations' conference bodies, and have discussions and exchanges with local governments.
Financial institutions	Publish information online, provide explanations at account settlement, and hold monthly discussions.
Media	Hold financial reporting briefings for media and analysts (quarterly), and publish information online.
Education and research institutions	Implement workplace visits, implement school visit projects at elementary and middle schools, and hold plant tours (about 90,000 visitors annually).

Note: Some activities were not held in FYE March 2023.

Stakeholder Engagement Activities

Stakeholder Engagement Activities

Customers

The SUBARU Group strives to put the customer first in all of its business activities. By adopting precision, speed, relevance, fairness, impartiality, and kindness as our basic principles of conduct in dealing with customers, we seek to make SUBARU a brand that customers will continue to choose for "Enjoyment and Peace of Mind." We also feed our customers' valuable opinions, requests, and comments back to the relevant departments, and use such feedback to improve our quality and products, make proposals, and upgrade our after-sales service.

"cartopia"
customer magazine

Local Communities

SUBARU is promoting communication with people in the communities where it operates, and strives to develop local communities and build relationships of trust. In Ota City, Gunma Prefecture, SUBARU and its business partners joined forces with residents of Ota and its surrounding area to launch the SUBARU Community Exchange Association in 1995 with the aim of promoting regional development and creating a more livable community. The association has since engaged in volunteer, cultural, educational, and civic activities. We also host exchange meetings and events in regions where SUBARU has business and manufacturing sites.
Going forward, we will continue to focus on the four fields of community engagement initiatives and conduct further community-based activities in line with evolving needs.

Dispatching instructors to educational institutions (Gunma Plant)

SUBARU Monozukuri Classes (Tokyo Office)

Shareholders

SUBARU has conducted plant tours for shareholders since 2004, with the aim of giving shareholders a deeper understanding of our policies and business as well as production activities.
Our view is that these are important opportunities for shareholders to see what we do firsthand in places like our production plants and for us to communicate with them. These tours include time for question-and-answer sessions with Company executives. Opinions and comments received here are shared with the relevant internal stakeholders, including the management team, and utilized in our business and investor relations (IR) activities.
Although we had suspended tours from 2020 due to COVID-19, we held online briefings in FYE March 2022. Executives answered various questions from shareholders and engaged in active communication.

Dealerships

With the aim of unified support of the SUBARU brand alongside dealerships, a variety of initiatives are ongoing for dealerships both inside and outside Japan. Aiming to ensure that the customer-first mindset runs through our quality in particular, SUBARU attaches great importance to dialogue with dealerships, as they are responsible for dealing with customers across the globe. We work to take action that incorporates dealership views and improves customer satisfaction. These include twice-annual technical liaison meetings in Japan, while in overseas markets, we hold twice-annual major dealership service meetings, and block conferences in the Commonwealth of Independent States (CIS), Central Europe, Northern Europe, Southern Europe, Oceania, and Central and South America (in FYE March 2022, all meetings and conferences, domestic and overseas, were once again held online).
Note that in FYE March 2021, some domestic meetings were held online to help prevent the spread of COVID-19; new methods such as archive video distribution were also introduced. Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.

Meetings with SUBARU dealerships

Employees

SUBARU publishes an in-house magazine for the purpose of sharing information on corporate policies and initiatives as well as boosting the motivation of employees and promoting communication. In FYE March 2023, we transitioned to the digital in-house magazine, SUBAROOM, to enhance real-time information dissemination and enrich content with features such as videos. As it is accessible from employees' personal computers and smartphones, individuals can conveniently read the up-to-date content at their leisure.
In addition to the executive speech relay that has been ongoing since FYE March 2020, we have introduced the general manager dialogue relay for mid-career employees, both of which are featured in SUBAROOM. Furthermore, we have launched the SUBARU Communication Park on our company network, offering a forum where employees of many different positions can communicate with each other.
In January 2023, we published the first issue of SUBAROOM MAGAZINE with the aim of broadly communicating SUBARU's policy to employees of Group companies and domestic dealerships.

Digital in-house magazine, SUBAROOM

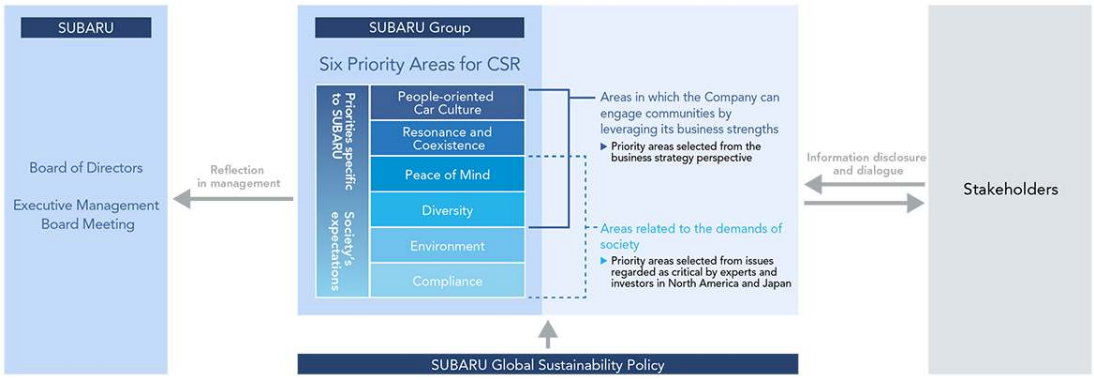
SUBARU Group's Six Priority Areas for CSR

SUBARU Group's Six Priority Areas for CSR

Process of Identifying the Six Priority Areas for CSR

The SUBARU Group promotes CSR initiatives in the Six Priority Areas for CSR: People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, and Compliance.
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. The responses and opinions we received were used in an assessment and exploration of these areas from two perspectives: areas in which we can engage the community 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 engage our communities 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.
In August 2023, SUBARU announced new management policy. Its priority areas in this policy are fundamentally unchanged. Based on the SUBARU Global Sustainability Policy, SUBARU will pursue "value creation" on a Group-wide and global basis with the goal of becoming a company "delivering happiness to all." We will also promote initiatives in the Six Priority Areas for CSR, recognizing issues of importance to society and the SUBARU Group, with the aim of creating greater social value and economic value.

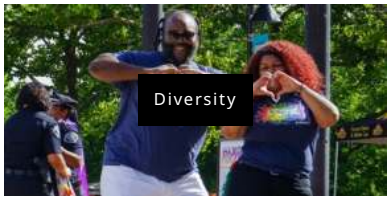
Reflecting the SUBARU Group's Six Priority Areas for CSR in Management



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

The SUBARU Group seeks to become an organization that is trusted by society by fulfilling its social responsibility as a corporate group, aiming for sustainable growth and contributing to the creation of an enjoyable and sustainable society. The Sustainable Development Goals (SDGs) for 2030 are development goals for achieving a sustainable future. By clarifying the Vision for 2025 regarding the Group's Six Priority Areas for CSR, including areas in which we can engage the community by leveraging our business strengths, and areas related to the demands of society, SUBARU will reinforce its efforts in each area and make positive contributions toward achieving the SDGs.
Specifically, we believe that the SUBARU Group's initiative to achieve a goal of zero fatal traffic accidents* in 2030 contributes to Target 3.6 of the SDGs: "By 2020, halve the number of global deaths and injuries from road traffic accidents." The SUBARU Group will continue to contribute to the achievement of the SDGs by leveraging its business strengths and responding to the demands of society while pursuing "value creation" unique to the SUBARU Group.

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



SUBARU Group's Six Priority Areas for CSR TOPIC: People-oriented Car Culture

Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
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."	・Continue satisfaction surveys. (Improve customer satisfaction.)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 11 SUSTAINABLE CITIES AND COMMUNITIES

Why It Is Important to Us

The SUBARU Group has contributed to increasing customers' options by respecting people's diverse values and offering distinctive products tailored to diverse forms of market value.
We believe that a car is more than just a means of transport, but rather a partner that enriches people's lives by understanding and meeting their expectations.

"Delivering Happiness to All"
Continuing to cherish the human emotions of "Enjoyment and Peace of Mind" experienced by each and every one of our customers, the SUBARU Group will develop and popularize a car culture that gives people the starring role by linking cars to changes in people's lifestyles and life stages.

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
Customers	Enjoyment of driving a car	Evolution of SUBARU Global Platform and Integration with Intelligent Technology (Achieving safe and enjoyable driving with peace of mind like a skilled driver)					
	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		"Designing experiences" with a focus on resonance with customers under the vision of "Earth-tainment: Enjoying the Earth Together"			
	Proposing new forms of mobility	Proposing new forms of mobility and researching technology unique to SUBARU		Technology development toward realization			
Local communities	Disseminating car culture	Dissemination of SUBARU's manufacturing practice and its endeavors for "Enjoyment and Peace of Mind"					

TOPICS To continue providing enjoyment and peace of mind

Further enhancing the SUBARU Difference
The pleasure of driving: A dedication to driving dynamics

SUBARU's universal philosophy of consistently prioritizing user needs

One of the most important elements that SUBARU pursues in vehicle manufacturing is driving dynamics. Driving dynamics refer to the pleasure of driving that people feel from aspects such as steering, pedals, and the vehicle's movement. Traditionally, driving dynamics have focused on sensory perception, making performance difficult to quantify. The SUBARU Global Platform has changed that.

The SUBARU Global Platform, the car body design philosophy SUBARU launched with the Impreza in 2016, focuses on human sensibilities. Our indices include driving quality, low noise, and rigidity and vibration reduction. We have introduced advanced technologies and measuring tools to quantitatively assess factors such as torsional rigidity, flexural rigidity, and external noise, which significantly impact driving dynamics, and conducted precise analyses. One significant achievement has been the discovery that the speed and accuracy of a vehicle's response from human input to initiation of vehicle movement is one of the factors that determine driving dynamics. Using the insights gained from these analyses, SUBARU has revamped the basic structure of its vehicles, giving rise to the SUBARU Global Platform. We increased the rigidity of various parts of the car body and the chassis, enhancing response time to the driver's operations. In addition, by optimizing the frame structure and reinforcing various component connections, we reduced uncomfortable vibrations and noise. We also enhanced the precision of the points connecting the suspension to the car body, achieving a comfortable ride quality that minimizes the sensation of road irregularities.

There is no end to our quest to create cars that serve as a partner that enriches people's lives and minds and our pursuit of unique value. To understand what brings comfort and discomfort to people, we collaborated with a university's medical faculty to delve deeply into the human body's structure and skeletal framework during vehicle development.

SUBARU Global Platform

Technology born from a medical approach
Front seats/Quiet interior/Electric power steering

One of the themes we addressed in this collaborative research was the factors contributing to driver fatigue and motion sickness. The vibrations generated by acceleration and deceleration during travel, as well as the road conditions, are initially transmitted to the seats and then to the bodies of the vehicle occupants. Within the inner ear of humans lies the vestibular system, responsible for perceiving the body's sense of balance and acceleration. When this system is disrupted, it can lead to discomfort. As a result of more detailed analysis of head movement, it was determined that lateral oscillations, specifically the lateral rolling motion occurring when driving on uneven roads, have a particularly adverse impact on the human body. Due to the vehicle's rolling motion, the head and chest of a person move in opposite directions. In an attempt to counteract this unnatural motion, we unconsciously exert force on our lower back, upper back, and neck muscles, leading to driver fatigue and discomfort. In response to this challenge, our collaborative research based on human body structure revealed that the sacrum, which connects the pelvis and spine, plays a significant role in how the vehicle's motion transmits to the head. Taking this fact into account, SUBARU developed new seats that support the sacrum and stabilize the pelvis. As a result, we have successfully reduced head shaking by over 40% compared to conventional seats.
The second research theme concerned the sound of specific frequency bands that people unconsciously perceive inside the vehicle while driving. The results of the experiments revealed that this sound, distinct from regular noise and vibrations, was decreasing ride comfort. As we continued our investigation, we discovered that this sound within the frequency band was originating from the roof. The resonance of the roof was one of the factors inhibiting ride comfort. To mitigate roof resonance, SUBARU adopted a high-damping mastic (elastic adhesive). This helps reduce interior noise more quickly, minimizing discomfort and achieving a more comfortable ride.

SUBARU's new seat structure supports the sacrum and stabilizes the pelvis.

High-damping mastic suppresses roof resonance.

Our efforts to enhance the driving dynamics of SUBARU in pursuit of enjoyment and peace of mind extend beyond what we have introduced. At SUBARU, we are working to decode the enjoyment that people associate with cars using approaches related to medicine and mind-body science. We aim to apply this understanding to vehicle control technology, improvements in equipment and interior spaces, and the development of next-generation technologies. Moreover, we plan to further develop our unique industry-academia collaboration platform with a focus on the sensory experience associated with vehicles.
As another approach to significantly enhancing driving dynamics, we focused on improving steering feel. Specifically, we developed Electric Power Steering (EPS) that separates the driver's steering input axis from the motor assist axis. Unlike two-pinion EPS used in two existing models, we achieved a sporty, high-quality steering feel with minimal response delay by incorporating new control logic.
The new seat was created through collaborative research with a university's medical faculty. The high-damping mastic demonstrates exceptional roof vibration damping properties. Meanwhile, the two-pinion EPS enhances steering feel. At SUBARU, we have incorporated these advanced technologies and features into the compact crossover SUV, Crosstrek, which was launched in December 2022, and the new Impreza, which officially went on sale in April 2023.
We aim to eliminate discomfort generated during car travel at its source, and to create vehicles where not only the driver but all passengers feel comfortable. We will continue to provide customer with unique added value based on the SUBARU Difference from the perspective of driving dynamics.

SUBARU Group's Six Priority Areas for CSR TOPIC: Resonance and Coexistence

Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
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.	・Continue satisfaction surveys. (Improve customer satisfaction.) ・Enhance connection with customers through the Internet of Things (IoT). (MySubaru, the next-generation system, telematics)	11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS

Why It Is Important to Us

At SUBARU, when it comes to our business activities, we regard customers and local communities as some of our most important stakeholders.

Over the years, SUBARU has been sustained not only by our own efforts to put the customer first but also by the efforts of many people in the communities where we do business.
SUBARU will form communities of resonance and coexistence to secure our sustainable growth as a company through routine communication, ensuring that our products and services resonate with and are trusted by our customers, and that SUBARU's corporate activities resonate with and are trusted by the local communities in which they take place.

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
Customers	Strengthening relationships with customers	Utilizing digital technologies to strengthen relationships with customers					
		Enhancement of customer loyalty					
		Providing products and services contributing to prosperous lifestyles					
	Establishing a new maintenance system	Development of a maintenance system for EVs			Enhancing the maintenance system for promoting EVs		
			Efficient vehicle maintenance by utilizing IT and digital transformation (DX)				
Business partners	Coexistence and mutual prosperity with business partners	Building of relationships with business partners with CSR surveys, awareness-raising, and from CSR perspectives					
		Enhancing and strengthening the SUBARU Group's telecommuting environment					
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					
			Contributing to local communities through stronger cooperation with nonprofit organizations (NPOs)				
			Community support activities during disasters and pandemics				

TOPICS **Contributing to the creation of a sustainable society with local communities**

As a corporate group that is trusted by, resonates with, and walks alongside society

Enhancing collaboration with local communities and local governments for co-creating new social value

SUBARU believes in conducting heartfelt activities rooted in a corporate culture of community engagement, with a focus on revitalizing connections with local communities and forming communities centered on resonance and coexistence. It is only with the understanding and cooperation of the local communities where our offices and plants are located that we can continue to realize business activities embodying the SUBARU Difference. To remain a transport equipment manufacturer that is trusted by and resonates with local communities, we have identified four fields for community engagement that ought to be addressed—activity in the community, environment, road traffic safety, and sports and culture. We are actively promoting initiatives in each of these fields.

In the context of activity in the community, we engage in various initiatives within each of our office in Japan aimed at building stronger relationships with the local community. Particularly at the Gunma Plant, we hold monthly meetings with representatives from local administrative districts adjacent to plants and company housing to explain the current status of SUBARU and our efforts related to the environment, emphasizing opportunities for communication. In cases where concerns such as noise and vibrations from construction may affect people living nearby, we prioritize advance notification, including visiting residents to provide explanations. We genuinely address the feedback from the local community, fostering trust and resonance.

In addition, in FYE March 2023, the Yajima Plant within the Gunma Plant played host to the Happy Smiley Project, a projection mapping event lighting up the walls of the plant. About 50 employees volunteered to participate in the planning and

Projection mapping at the plant

operation of the event, which brought smiles and excitement to many visitors by projecting pictures drawn that same day by local children.

The SUBARU Group aims to achieve a balance between building a sustainable society and the sustainable growth of the Group, working towards our vision of delivering happiness to all. Coexistence with local communities is one of our crucial business themes. Over the years, SUBARU has been sustained not only by our own efforts to put the customer first but also by the efforts of many people in the communities where we do business. Going forward, we will continue to respond to the needs of society by engaging in community-oriented corporate activities and contributing to local communities. Through these efforts, we aim to create a corporate group that not only resonates with society but also walks alongside it.

Responding sincerely to stakeholder feedback and advancing global CSR initiatives

SUBARU, as a global company with a presence around the world, actively engages in community contribution activities abroad as well. A prominent example of this is the Subaru Love Promise, which Subaru of America, Inc. (SOA) pursues alongside SUBARU retailers across the United States and various charitable organizations, aiming to make the world a better place.

The Five Promises

SOA, recognizing that nurturing love and respect for stakeholders in its business and products contributes to the sustainability of society and SUBARU, formulated the Subaru Love Promise centered on five loves—Loves the Earth, Loves to Care, Loves to Help, Loves Learning, and Loves Pets. This promise aims to put these concepts into practice through the activities of SOA and the SOA Foundation. Specifically, SOA donates US$250 for each new SUBARU vehicle purchased or leased at retailers participating in the Share the Love Event to charitable organizations. Over the past 15 years, SOA has donated more than US$256 million to charities through this initiative. SOA conducts other ongoing activities, including supporting youth skill development through collaboration with the local nonprofit organization Hopeworks and offering programs to empower women through its partnership with Girls, Inc.

SOA has made a commitment to being More Than a Car Company, striving to transcend the role of an automotive manufacturer to make the world a better place. Its aim is to be a positive force in the communities where we live and work not merely through donations but through actions that set the example for others to emulate. In recognition of SOA's philosophy and initiatives, it won three awards related to community engagement in FYE March 2023. SOA was honored with the 2023 Gold Halo Award for Best Education Initiative in recognition of its commitment to supporting education through the Subaru Love Promise program and its partnership with AdoptAClassroom.org, a nonprofit organization offering educational support. The Halo Awards celebrate companies that have made a significant impact on society through social impact programs. As part of its collaboration with AdoptAClassroom.org, SOA provides support to schools and teachers in need. In 2022, US$3.3 million was donated to 652 schools and 5,699 teachers, helping alleviate financial burden. In addition to donations, SOA's initiatives include in-person events where SUBARU retailers deliver supplies to local schools year after year. SOA was also recognized as a Civic 50 Honoree for the third consecutive year. This award highlights the 50 most community-minded companies in the United States, and reaffirms SOA's dedication to making a positive difference. SOA was also ranked among the top three automakers and sixteenth overall on the 2023 Axios Harris Poll 100 Reputation Rankings, a measure of companies that resonate most with the American public. The high placement of SUBARU on this list underscores our strong reputation among U.S. consumers and the high trust we have earned. SOA will remain committed to conducting activities that make the world a better place based on its vision, Subaru Love Promise.

SOA won the 2023 Gold Halo Award for Best Education Initiative.

Providing assistance with classroom setup in partnership with AdoptAClassroom.org

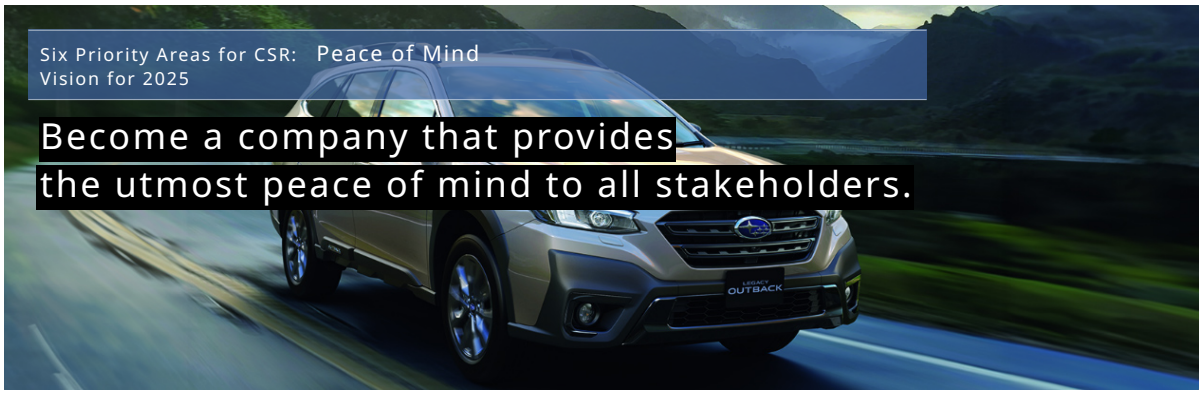
Subaru of Indiana Automotive, Inc. (SIA) sponsored National Engineers Day, held at The Children's Museum of Indianapolis. Hands-on workshops aimed at problem-solving through science and engineering were held on the day of the event. SIA also dispatched employee volunteers to encourage interest in and provide learning opportunities related to science and engineering, which served to revitalize connections with the local community. SIA has also been conducting blood donation activities twice a year since 1991. In FYE March 2023, it donated a total of 799 units of blood, potentially saving the lives of around 2,400 individuals.

Engineers Day

Employees making a blood donation

SUBARU Group's community engagement activities such as these have earned the brand significant recognition. In April 2023, Forbes, the U.S. economic magazine, released its Best Brands for Social Impact ranking, where SUBARU was ranked first in the automotive category and second among the top 300 brands. This demonstrates that SUBARU not only produces excellent vehicles, but that it has earned significant trust from general consumers through a wide range of activities on both a national and local scale aimed at ensuring the wholesome development of society. SUBARU will continue to aim for sustainable growth as a true global company and contribute to the creation of a joyful and sustainable society.

SUBARU Group's Six Priority Areas for CSR TOPIC: Peace of Mind



Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
SUBARU will become a company that provides all stakeholders with the utmost peace of mind.	・Achieve a goal of zero fatal traffic accidents in 2030.* ・Improve impact energy absorption ability to 1.4 times.	3 GOOD HEALTH AND WELL-BEING

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

Why It Is Important to Us

SUBARU will deliver the peace of mind that cars must offer by manufacturing vehicles and providing associated services. SUBARU will tirelessly review all quality-related processes in our aim to be the No. 1 company for quality, whose products customers can rely on for a long period. Attaching particular importance to protecting lives, SUBARU will work to achieve the goal of zero fatal traffic accidents* in 2030. In addition, we must ensure that the local communities where our plants are based know that they can rely on SUBARU to offer peace of mind in our manufacturing operations. Creating safe workplace environments that offer all SUBARU Group workers peace of mind is also essential. Furthermore, SUBARU will contribute to resolving the problem of traffic accidents and other social issues associated with cars.
SUBARU will aspire to become a company that provides customers, local communities, employees, and all other stakeholders with the utmost peace of mind.

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

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
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					
				Expanding enhanced safety functions since FYE March 2021			
		Developing autonomous flight control systems (collision avoidance technology, fault-tolerant system improvements)					
	Contributing to safe driving	Implementing and sustaining EyeSight test rides (awareness-raising for advanced safety technology), etc.					
	Establishing and strengthening a reliable product supply system	Establishment of a timely and efficient supply system of spare parts and accessories					
		Strengthening product supply capacity (parts center capacity increase plans/parts supply system improvements)					
	Improving inspection and maintenance quality	Promotion of accurate, high-quality inspection and maintenance					
		Global penetration of maintenance system with high and consistent quality					
	Securing and improving quality	Promotion of initiatives to produce vehicles of choice in terms of quality as well					
		Improvement of quality 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					
		Collaboration with business partners					
		Optimization of the span of management in manufacturing departments					
Employees	Creating a safe workplace	Continuation and reinforcement of activities of the health and safety committees					
		Maintenance and enhancement of workplace health and safety, and promotion of a more comfortable workplace environment					
		Formulation and implementation of plans for health promotion initiatives	Reinforcement of health promotion efforts				
		Secure and create employment					
Local communities	Contributing to safety of local communities	Promotion of plant environment improvement	Promotion of a sense of trust regarding stable operations				
		Implementing community safety awareness activities					
		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					

TOPICS **Delivering utmost peace of mind and enjoyment by executing quality enhancement and improving safety performance levels**
Creating a future with zero fatal traffic accidents with SUBARU's unique technologies and quality

Further evolve preventive and passive safety performance

SUBARU is constantly evolving its preventive and passive safety performance in order to deliver utmost peace of mind. We have set the goal of zero fatal traffic accidents in 2030*1 and are undertaking multifaceted efforts to develop technologies with this objective in mind.
In the pursuit of preventive safety performance, we have further evolved SUBARU's unique EyeSight driving support system, which

EyeSight

Image depicting EyeSight's recognition capability

prevents accidents before they happen. The next-generation EyeSight released in 2020 further evolves the conventional recognition and control using stereo cameras, providing more advanced driving assistance in all situations. These stereo cameras always monitor the situation ahead, and can measure distance in the same way as the human eye. They can also distinguish between cars, pedestrians, and road lines. The system boasts high recognition performance with its wide viewing angle and viewing distance as well as color recognition capable of recognizing brake lights. The software, which functions as the "brain" of the system, takes this information and the state of the vehicle's operation to determine the necessary controls, enabling the execution of these in a manner that fits the situation like the "hands and feet" of each vehicle unit. Moreover, by leveraging the Quasi-Zenith Satellite System known as Michibiki, GPS, and 3D high-precision map data, our advanced safety technology EyeSight X, with enhanced driver assist technology, has significantly accelerated our progress toward the goal of zero fatal traffic accidents in the future. In 2022, we introduced a new wide-angle single-lens camera, where the information recognized by each camera is processed in a coordinated manner to help avoid collisions with crossing cyclists and pedestrians.

The wide-angle single-lens camera

Moreover, SUBARU's world-class passive safety performance is also integrated within a single vehicle. The SUBARU Global Platform has brought about driving dynamics lending enjoyment to operating its vehicles. This has been achieved by top-class passive safety performance as well as driving quality achieving new levels of comfort and maneuverability and top-class vibration reduction thanks to stability, as well as low noise. The new high-rigidity Ring-Shaped Reinforcement Frame provides high collision absorption performance against impacts from any direction. Dual SRS airbags, in combination with seat belts, mitigate harm to those in the front seats. In addition, SUBARU vehicles feature SRS side airbags and SRS curtain airbags to guard against side impacts. SUBARU's passive safety performance, which considers not only the driver and passengers but also pedestrians, has earned high evaluations around the world. The Solterra released in 2022 is based on the e-SUBARU Global Platform, a newly designed EV-dedicated platform inspired by the philosophy of the SUBARU Global Platform featuring a symmetrical chassis layout. This platform incorporates SUBARU's expertise into various components such as suspension and electric power steering. The result is an agile and comfortable driving experience that encapsulates the SUBARU Difference, offering enjoyment and peace of mind from the moment the vehicle begins to move, even for EVs.

Solterra

e-SUBARU Global Platform

This preventive and passive safety performance unique to SUBARU has been highly acclaimed by external organizations. In the U.S.-based IIHS's*2 2023 publication of vehicle safety information, the 2023 Ascent, Outback, and Solterra (all U.S.-specification models) received the TOP SAFETY PICK+ (TSP+) Award, the highest rating. In addition, the 2023 Legacy and Forester (both U.S.-specification models) received the TOP SAFETY PICK (TSP) Award. IIHS modified the requirements for its TSP and TSP+ awards for 2023. The biggest change to the criteria for both awards was the addition of the updated side crash test launched in 2021. With the updated test, the crash produces 82% more energy than the original test. The Ascent, Outback, and Solterra earned the highest "Good" rating in the new test. Since the introduction of TSP+ in 2013, which further strengthened the requirements for TSP, SUBARU has received a cumulative total of 69 TSP+ awards, which is more than any U.S. brand*3 *4. In Europe, the Solterra (European-specification model) was awarded the maximum five star rating*5 in the 2022 European New Car Assessment Programme (Euro NCAP) safety performance test*6. This is SUBARU's 10th top rating in the Euro NCAP safety performance tests following the five star rating won by the Outback in 2021.

2023 Outback (U.S.-specification model)

SUBARU believes that the enjoyment of a car is supported by the peace of mind it offers, and that a safe and reliable car allows customers to experience the joy of

2023 TOP SAFETY PICK+ logo

driving, transportation, and life with a car itself. Going forward, we aim to achieve zero fatal traffic accidents*1 in 2030 while pursuing the world's highest standard of safety and peace of mind in all situations by integrating advanced sensing technologies, the judgment capability of AI, and connected safety.

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

*2 IIHS: Insurance Institute for Highway Safety

*3 Claim applies to U.S.-specification vehicles based on the results of surveys conducted by Subaru of America, Inc. and Subaru Canada, Inc.

*4 As of February 2023

*5 The jointly developed Toyota bZ4X (European-specification model) was used as the test vehicle.

*6 A safety performance evaluation program conducted since 1997 by an independent agency composed of European motoring and consumer organizations.

A Trifecta of Quality Enhancement Approaches

High quality is a key element at the root of the SUBARU brand, and is a source of added value. We are therefore pursuing efforts for quality enhancement. We are promoting quality enhancement in a trifecta of approaches, the first of which is thorough implementation of a "Quality-First" mindset and reinforcement of organizational efforts and structure. By redefining our goals through reviewing our Quality Policy and revamping our quality manual, and by implementing awareness activities SUBARU Group-wide, we are encouraging our employees to alter their quality mindset. The second is "Execution Quality" enhancement, with the goal of preventing defects reaching the general public. In these reforms, in order to quickly resolve any defects that may have occurred in the market, we launched the quality improvement team, FAST,*7 to strengthen our quality assurance system in the key market of North America. Furthermore, in Japan, we established two new final vehicle inspection plants, which started operation in August 2022 and August 2023, respectively. By conducting rigorous inspections in a well-organized environment, we aim to deliver products that customers can use with peace of mind. We have also established the Quality Assurance (QA) Lab with the aim of enhancing our investigative capabilities regarding defects. In the event of a defect, development and manufacturing departments collaborate to determine causes and implement solutions. In cases where pinpointing the cause is especially difficult, the Quality Assurance Division expedites defect resolution by conducting independent analysis and investigation of defective parts in the QA Lab. We are also working on strengthening part traceability to improve the speed of our quality improvement efforts. The third is "Innate Quality" enhancement, reforming processes from product planning and research to development and design. The objective is to strengthen the authority of development leaders and ensure quality throughout the entire process, including in production and logistics.

*7 Fast Action & Solution Team

These activities are still at the halfway stage. However, we are pursuing initiatives in this phase where we can show results from our quality enhancement initiatives, including adapting to new technologies. As an example, the new Crosstrek can be described as incorporating the three quality enhancement approaches. This vehicle is a crossover SUV that achieves versatility with capability spanning from urban to more adventurous settings by combining a compact body, SUBARU's unique Symmetrical All-Wheel Drive (AWD) system for authentic SUV performance, and a rugged yet sporty design. The distinctive design of its predecessor has been further enhanced and the driving dynamics have been refined. It also contains the next-generation EyeSight along with a wide-angle single-lens camera, adopted for the first time in Japanese specification, to achieve exceptional safety performance. Looking ahead, by continuing to pursue quality in our vehicles so that our customers can use them with peace of mind for many years to come, we will work to realize a safe and happy car society toward the SUBARU Group's goal of delivering happiness to all.

Limited edition AWD Crosstrek (Japan-specification model)

SUBARU Group's Six Priority Areas for CSR TOPIC: Diversity

Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
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.	• Double the number of female managers by 2025 compared to 2021. • The number of participants in career development training • Achieve the legally prescribed employment rate for persons with disabilities. • Achieve 100% in the reemployment rate of senior citizens wanting to work.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Why It Is Important to Us

Most companies today face social demand for diversity among their employees and diverse ways of working. SUBARU believes that continuing to offer products that contribute to increasing options for our customers and respecting diverse forms of market value will lead to sustainable growth for the company. Achieving this requires diversity of perspective among those who work for the SUBARU Group.

Diversity for SUBARU therefore has two key meanings: diversity in products and diversity of employees. While pursuing diversity in products, SUBARU will promote diversity among all those who work for the SUBARU Group.

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
Employees	Promoting active roles for female employees	Expanding the number of female managers					
		Childcare support for female employees in direct departments		Creating workplaces where female employees in direct departments can thrive and play an active role			
	Utilizing diverse human resources	Review of the human resources system for senior employees					
		Operation 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					
		Compliance with the legally prescribed employment rate for persons with disabilities					
		Acquiring new knowledge through proactively recruiting external human resources					
	Promote diverse work styles	Diverse work styles: Labor management to back up work-life balance and support for hybrid work leading to improved productivity					
Business partners	Efforts in cooperation with business partners	CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners					
		Enhancement of the understanding of employees, promotion of cooperation with U.S. minority organizations					
Customers	Providing a wide range of products	Incorporation of feedback on diverse market needs					
			Design parts that can be used in multiple vehicle models				

TOPICS Employees and products: Two areas in which SUBARU pursues diversity

Diverse personalities of Group employees create diverse forms of market value that meet people's expectations

Employee diversity: Maximizing the individuality of each employee to drive ongoing growth in corporate value across the organization

In the SUBARU Group, we believe that diversity among employees is indispensable in order to deliver happiness to all by creating unique SUBARU value. Enhancing employee diversity not only encourages organizational innovation but also leads to decision-making and problem-solving that reflect diverse perspectives and values. This, in turn, enables us to continue providing higher value to our customers. In addition, we believe that when each diverse employee is able to showcase their individuality and strengths, it leads to improved employee engagement and, subsequently, enhances the productivity of the Group.
Based on these principles, the SUBARU Group is committed to creating a comfortable workplace environment where every employee can harness their unique qualities, encompassing aspects such as gender, nationality, culture, and lifestyle. This effort is aimed at fostering diversity among our workforce and unlocking their full potential.

At SUBARU, the Diversity Promotion Office within the Human Resources Department serves as the core organization dedicated to addressing various challenges to ensure the active participation of diverse talents, including women, people with disabilities, senior citizens, non-Japanese employees, and LGBTQ+ individuals. As KPIs, we have set targets such as doubling the number of female managers by 2025 compared to 2021 and achieving the legally prescribed employment rate for persons with disabilities. We are actively driving these initiatives while continuously evaluating progress and refining strategies for improvement.

SUBARU is actively pursuing a range of initiatives to empower women, which we consider of paramount importance. This includes supporting female employees in their pursuit of career development in their efforts to balance work and childcare as two key issues. We also provide health support to ensure that female employees can sustain their careers through various life events. Regarding support for career development, we place special emphasis on nurturing female managers. We have set a goal of doubling the number of female managers by 2025 compared to 2021. In FYE March 2023, we implemented various

initiatives aimed at supporting female employees aspiring to become managers. These initiatives included the promotion of the Women's Leadership Program (WLP), which provides guidance and education tailored to each employee, organizing diverse training programs to help individuals shape their own career paths, and establishing a training system that includes dialogue sessions with female executives through an executive forum aimed at further enhancing the contributions of female managers. We have also worked to create a culture and workplace environment that promotes the active participation of women through initiatives such as unconscious bias training targeting managerial staff. As a result of these initiatives, as of April 2023, we have 31 women among the 1,095 managerial positions, representing an increase of approximately 1.3 times from the 24 female managers in 2021.

In accordance with the Human Resources Department Policy on Employment of People with Disabilities formulated in April 2023, we are striving to create an environment where such individuals can truly shine. Under this policy, we are working to improve understanding among employees to ensure that those with diverse personalities, regardless of whether they have disabilities, can work with peace of mind and excel in the workplace. This is achieved through training regarding the employment of persons with disabilities provided within SUBARU and our Group companies.
In FYE March 2023, our subsidiary SUBARU BLOOM Co., Ltd., the largest employer of people with disabilities in Gunma Prefecture, received recognition for its long-standing contributions with the Gunma Prefecture Governor's Award as an excellent company for employing people with disabilities. As of June 2023, SUBARU BLOOM has 82 employees with disabilities on its roster.
As a result of various initiatives, as of June 2023, the SUBARU Group has 328 employees with disabilities, and the percentage of employees with disabilities is 2.47%*.

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

We will continue to maintain a business approach that considers employee diversity and, at the same time, further stimulate and harness the capabilities of our diverse workforce to strongly advance our goals of "monozukuri ("manufacturing") innovation" and "value creation" under our new management structure.

Diversity initiatives at Subaru of America, Inc.

Subaru of America, Inc. (SOA), SUBARU's U.S.-based sales subsidiary, is actively advancing initiatives centered around diversity, equity, inclusion, and belonging (DEIB). In FYE March 2023, SOA launched a curriculum focused on DEIB as part of its internal learning system, providing many employees with the opportunity to learn about the concepts. Under the theme of "culture," it provided a platform for employees to engage in cross-departmental dialogue, allowing them to share their individual experiences and identities.
The SUBARU Group will continue striving to create a comfortable work environment that respects the diversity of individuals in terms of gender, nationality, culture, lifestyle, and values, while taking into account the nature of each business and regional characteristics.

A diversity-related activity at SOA

Product diversity: Responding to a wide range of customer needs by offering a variety of products with the SUBARU Difference

SUBARU has consistently developed and introduced unique vehicles that cater to a broad spectrum of customer needs. Throughout our long history of automotive development and production, we have always endeavored to deliver the unique SUBARU values that meet the diverse preferences and values of our customers. With this philosophy at the core, we have been advancing various initiatives aimed at achieving product diversity. SUBARU has garnered significant attention for its car manufacturing efforts that pursue diverse market values. These efforts include equipping the Solterra with a new All-Wheel Drive (AWD) system unique to BEVs that uses separate motors to drive the front and rear wheels in addition to the AWD control technology accumulated over the years. In addition, the WRX S4 successfully combines sportiness and comfort by refining our concept of Enjoyment and Peace of Mind, which we view as the value we provide to customers.
In particular, EyeSight, featuring SUBARU's proprietary technology, will now be equipped on manual transmission (MT) vehicles for the BRZ as a way to deliver the SUBARU Difference. EyeSight is SUBARU's original driver assistance system, the world's first to use only stereo cameras to provide pre-crash braking by detecting pedestrians, cyclists and motorcyclists, while also realizing adaptive cruise control. We believe that by ensuring the stable operation of the EyeSight system in MT vehicles, we can provide Enjoyment and Peace of Mind to an even larger number of customers.

SUBARU BRZ

Furthermore, as one of our endeavors to expand options for internal combustion engine utilization, we are participating in the Super Taikyu Series 2023 with race vehicles using carbon-neutral fuel. Through these multifaceted initiatives, we are striving to achieve motorization with reduced environmental impact.
Moving forward, we will remain agile in adapting to significant changes in the business environment while continuing to pursue SUBARU's unique approach to “monozukuri innovation” and “value creation”. Through this commitment, we will continue to craft diverse product value infused with the SUBARU Difference that caters to individual needs.

SUBARU Group's Six Priority Areas for CSR TOPIC: Environment

Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
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.	• Reduce CO_2 emissions by 60% regarding plants and offices (Scope 1 and 2) from FYE March 2017 levels by FYE March 2036 (total volume basis). • In 2030, aim for 50% of SUBARU global sales to be BEVs. • 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.	

Why It Is Important to Us

In FYE March 2018, SUBARU revised its Environmental Policy, declaring that "the earth, the sky and nature" are SUBARU's fields of business, and made clear to strive for the coexistence with nature. These words encapsulate our desire to take the greatest possible care of "the earth, the sky and nature," since they are the fields in which our automotive and aerospace businesses—the pillars of our enterprise—operate. With the concept that sustainability of both society and SUBARU only becomes possible with the existence of a rich global environment, that is "the earth, the sky and nature," the entire SUBARU Group will make the greatest possible efforts to undertake global environmental conservation activities.

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
Customers	Popularizing vehicles that reduce environmental impact	Expansion of the sale of EVs (including models with e-BOXER)					
		Development and sale of EVs (BEVs and SHEVs)					
		BEV development		Launch of SOLTERRA, global rollout and sales expansion of BEVs			
		Establishing appropriate disposal schemes for EV batteries					
Governments	Business to help reduce environmental impact	Introduction of solar power generation for self-consumption					
		Introduction of hydroelectricity and green electricity					
		Energy conservation investment and effective utilization of facilities					
		Continuation of conservation efforts in cooperation with governments					
		Promotion of lighter, electric, and biofuel aircraft					
Business partners	Environmental activities in cooperation with business partners	Establishment and maintenance of an environmental management system					
		Efficient parts storage and transportation					
		Promotion of retailers' continuous efforts for energy saving, water quality conservation, and recycling					
		Optimization of logistics and complete knockdown (CKD) costs					

TOPICS SUBARU's environmentally friendly car manufacturing

Accelerating initiatives based on the SUBARU Difference and technological innovation

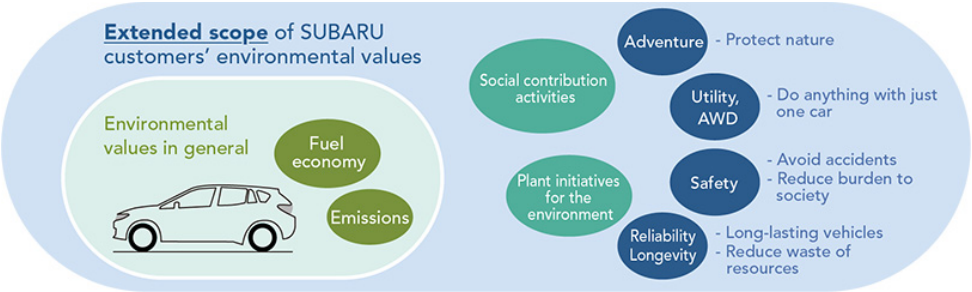
Enhancing SUBARU's unique environmental value toward achieving a sustainable society

In order to pass on "the earth, the sky and nature" to future generations, SUBARU is pursuing the manufacture of environmentally friendly automobiles. This is not only in brainstorming how to address the environment but also how we contribute as a company to the realization of a sustainable society.

In the United States, one of SUBARU's major markets, our customers tend to have a strong sense of ownership with regard to the global environment and society, along with interest in the safety and reliability of SUBARU's vehicles. In addition, we have found that our customers do not perceive SUBARU's environmental value solely from the perspectives of fuel efficiency and emissions. Instead, they recognize this environmental value in a broader sense. They see it in our utility and AWD vehicles that enable versatile use with just one car, in our safety features that contribute to fewer accidents and less societal impact, and in our reliability and longevity, which ensure our vehicles remain useful over extended periods, reducing resource waste.

At SUBARU, we have established an environmental management system that spans the organizations within the Group, enabling us to oversee the entire value chain. With this structure in place, we are actively promoting initiatives across the board to further enhance our environmental value. As an example, in our approach to resource recycling, we work with our business partners to maintain zero landfill at production bases in Japan and abroad, ensure efficient resource recycling throughout the product lifecycle, and take the 3Rs—reduce, reuse, and recycle—to the next level. In biodiversity conservation, we collaborate with stakeholders, including local communities and government bodies, on such activities as forest maintenance and preservation at the Subaru Research and Experiment Center in Hokkaido and responsible raw material sourcing, considering ecosystem integrity.

We, along with our stakeholders who perceive SUBARU's value as encompassing broader environmental value, are committed to the pursuit of environmentally friendly car manufacturing infused with the SUBARU Difference in technology. Through a variety of initiatives that contribute to the environment, we aim to help realize an enjoyable and sustainable society.



Introducing BEVs with the SUBARU Difference, driving "monozukuri innovation" and "value creation" in the full-fledged era of the electric car

Among our various environmental initiatives, we recognize that CO_2 reduction for mitigating climate change risks is a critical priority for SUBARU as we pursue environmentally friendly car manufacturing.
SUBARU aims to achieve carbon neutrality around 2050. Toward this goal, we have set a long-term target of reducing the well-to-wheel*1 CO_2 emissions from new vehicles (in operation) by 90% or more*2 compared to 2010 levels by 2050. As milestones on our journey, we initially set the medium-term targets of making at least 40% of global sales EVs and HEVs in 2030 and applying electrification technologies*3 to all SUBARU vehicles*4 produced and sold by the first half of the 2030s. These milestones are designed with the understanding that updates may be made to accommodate a rapidly changing and unpredictable business environment. In August 2023, we raised our target and now aim for 50% of SUBARU global sales to be BEVs*5 in 2030 and are actively working toward achieving this goal. In addition, since FYE March 2022, we established dedicated departments responsible for the five key areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing." We have started initiatives aimed at reducing CO_2 emissions across the life cycle of our business activities to contribute to the realization of a decarbonized society.

With these goals firmly in mind, in 2022, we launched the Solterra, our first global BEV, as another step toward the full-fledged era of the electric car. This model adopts the e-SUBARU Global Platform, an EV-dedicated platform developed in collaboration with Toyota Motor Corporation ("Toyota"). In this development, the two companies combine their respective strengths, with SUBARU contributing its extensive experience in all-wheel-drive (AWD) technology and Toyota providing exceptional vehicle electrification expertise. This synergy efficiently harnesses the accumulated development investments and achievements from both companies.

*1 Well-to-Wheel: Approach to calculating CO_2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles

*2 Reducing total CO_2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world in 2050 by 90% or more relative to 2010 levels. (aggregate amount basis). Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.

*3 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

*4 Excluding models supplied by OEMs.

*5 BEV: Battery electric vehicle

Progress in reorganizing the domestic production system in line with the expansion and acceleration of EV development

Vehicle electrification is rapidly advancing in the global market. To adapt to this significant change, SUBARU is strategically reorganizing its domestic production system. We are targeting around 2025 for the commencement of BEV production at our Yajima Plant. By the end of 2026, we plan to offer a lineup of four SUVs, including the already released Solterra, all embodying the SUBARU Difference. Starting from 2027, we will add a dedicated BEV production line at the Oizumi Plant and initiate assessments for production in the United States. We will strive to establish a highly efficient and flexible production framework, and by the end of 2028, we will further enhance business viability by adding four more BEV models to our lineup. We are building a production system that allows us to flexibly adjust the production ratio of BEVs, hybrid vehicles, and ICE vehicles in response to market trends. This enables us to develop products and create a production system centered on the principles of flexibility and scalability so that we can rapidly expand production as we gain a clearer understanding of future demand. We project global factory production capacity of approximately 1.2 million units, including the BEV production line we are considering in the United States.
We believe that the key to promoting SUBARU's electrification strategy lies in providing product value and environmental value that aligns with customer expectations, while continuously assessing evolving requirements, preferences, and values. This encompasses not only responding to market shifts and changes to environmental regulations on the path to a decarbonized society but also nurturing the longstanding customer relationships that the SUBARU Group holds dear. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness. We will also continue to develop a flexible production system that incorporates the state of the market environment.

SUBARU Group's Six Priority Areas for CSR TOPIC: Compliance

Basic Concepts, KPIs, and Relevant SDGs

Basic Concepts	KPIs	Relevant SDGs
SUBARU will become a company that operates in accordance with laws, regulations, and social norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the SUBARU Group.	• 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.	

Why It Is Important to Us

Having reflected on the previous lack of awareness of social norms in the execution of our duties, flaws in our internal rules, and the inadequate understanding of laws and regulations relevant to our operations, SUBARU is keenly aware of the need to change ways of thinking and completely change the culture. SUBARU will dedicate the whole of the SUBARU Group to promoting initiatives focused on compliance as a priority, with the aim of ensuring that SUBARU resonates with and inspires trust in our customers and all other stakeholders.

Activities in the Six Priority Areas for CSR

Relevant Stakeholders	Themes	Initiatives					
		FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025	FYE March 2026
Governments	Ensuring comprehensive export control	Reinforcement of security and export control initiatives					
	In-house education and dissemination	Compliance training					
		Promotion of compliance from the perspective of the SUBARU Group					
		Establishment, dissemination, and management of internal rules and manuals on laws and regulations					
Employees/ Local Communities	Protecting human rights of workers	Prevention of harassment					
		Maintenance and improvement of the workplace environment by promoting work style reforms and complying with the Labor Standards Act					
		Implementing conflict mineral surveys					
		Establishment and dissemination of our Human Rights Policy, implementation of due diligence	Promoting initiatives to respect human rights				
Business partners	Maintaining fair relationships	CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners					
		Promotion of fair trade on a continuous basis					
		Appropriate management of software license					

TOPICS Aiming for the sustainable growth of the SUBARU Group through legal compliance and respect for human rights
Toward a corporate group that is trusted and looked up to by society through the sincere actions of each employee

Conducting sound and fair corporate activities under an effective compliance system

Compliance training (Gunma Plant)

SUBARU positions compliance as one of its most important management issues in order to maintain its standing as a corporate group that is trusted by and resonates with all stakeholders. We are committed to instilling a commitment to compliance with laws, regulations, internal rules, and social ethics and norms in the actions of every executive officer and employee of the SUBARU Group. We are keenly aware that any violation of laws or regulations could directly impact our corporate value, and therefore promote a management approach that respects the individuality and human rights of all those engaged in SUBARU's business activities. We also strongly recognize that the thorough enforcement of compliance across the organization serves as the bedrock of our management as we aim for highly sound business operations.
In promoting compliance activities, we have established a compliance policy consisting of three principles: (1) Deepen dialogue with everyone and promote the Think Compliance initiative; (2) Maintain awareness of being one member of the SUBARU Group, unbound by organizational frameworks; and (3) Act with consideration for others and a positive attitude of doing good. To support these activities, we strive to promote compliance awareness among employees through compliance training and practical legal training. In FYE March 2023, we implemented online training due to COVID-19. Approximately 30,000 Group employees in Japan participated, deepening their understanding of compliance.
SUBARU also distributes and utilizes various practical support tools such as the Compliance Manual (available in Japanese and English) as a common guideline for all employees. In addition, to ensure strict compliance with laws and regulations and appropriately manage corporate risk, we continuously work on establishing or revising internal rules to enhance the effectiveness of compliance in our day-to-day operations.
As a mechanism for monitoring compliance, the entire SUBARU Group collects information

on cases that may constitute compliance violations through company-wide compliance activities and other means. Meanwhile, the Internal Audit Department conducts business audits to detect cases early. Moreover, at SUBARU and our Group companies in Japan, we have implemented a whistleblowing system designed to receive and address employee inquiries related to compliance matters, and promote prevention, early detection, and resolution of such issues through internal self-regulation. The details of consultations are thoroughly examined by the Risk Management and Compliance Office General Manager, following our internal regulations, to ensure swift resolution, and measures are taken to prevent recurrence. Subaru of America, Inc. and Subaru of Indiana Automotive, Inc., which are subsidiaries of SUBARU in the United States, have also established a compliance hotline system available to employees. This system is in place to promote early detection and swift response to cases with potential legal violations.

Promoting management rooted in human rights led by the Sustainability Committee

SUBARU positions the respect of each employee's human rights and individuality as an important management issue and undertakes initiatives to uphold these values. These initiatives complement our compliance efforts. Specifically, in April 2020, we established the Human Rights Policy incorporating the opinions of external experts and specialists. With this policy, we declared our commitment to respecting the human rights of all stakeholders involved with the Group and striving for fair business practices. Recognizing that cases involving human rights issues not only erode customer trust but can also damage SUBARU's brand image, we remain committed to conducting operations that respect the human rights and individuality of everyone involved with our business. Since 2020, we have continued to hold seminars on business and human rights to enhance awareness and share information on human rights. To deepen understanding of the importance of respecting human rights in business, we examine changes in the external environment and real-world cases of human rights issues. This enables us to foster awareness of human rights respect in our own tasks and daily activities. We are committed to preventing and mitigating potential negative impacts on human rights for all stakeholders associated with the SUBARU Group, while considering compliance.

SUBARU carries out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights. Based on plant inspections and interviews with stakeholders, we identified potential or actual human rights risks and subsequently clarified the risks that are of particularly high importance to the SUBARU Group, using criteria such as the magnitude of impact and likelihood of occurrence. For risks with significant relevance to compliance, such as harassment of employees or harassment toward our business partners, we are working to provide appropriate solutions. In terms of human rights in our supplier network, we have formulated response measures for human rights violations among business partners, which we have identified as particularly key risks. As one of these measures, we have endorsed and joined Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI). We have established a support system for non-Japanese workers based on the format, and we are also addressing compliance within our supply chain. We will continue our efforts to promptly detect, prevent, and avoid the recurrence of compliance-related issues, while further strengthening relationships with our business partners.

SUBARU will continue to strive for compliance with laws and social norms, conducting business activities with the aim of being a company trusted by and resonating with society.

Environment

39 Environmental Management

53 Environmentally Friendly Automobiles

66 Climate Change

80 Resource Recycling

87 Water Resources

90 Biodiversity

95 Prevention of Pollution

98 FYE March 2023 Environmental Performance Data for Plants and Offices

Environmental Management

Our Approach

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. Furthermore, we have defined the Environment as one of our Six Priority Areas for CSR, and consider activities for the environment as key to the continuation of our business.
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 all Group sites, domestic and overseas consolidated production companies, and SUBARU CORPORATION dealers in Japan and abroad.
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 Environmental Philosophy

"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 social 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 CO_2 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

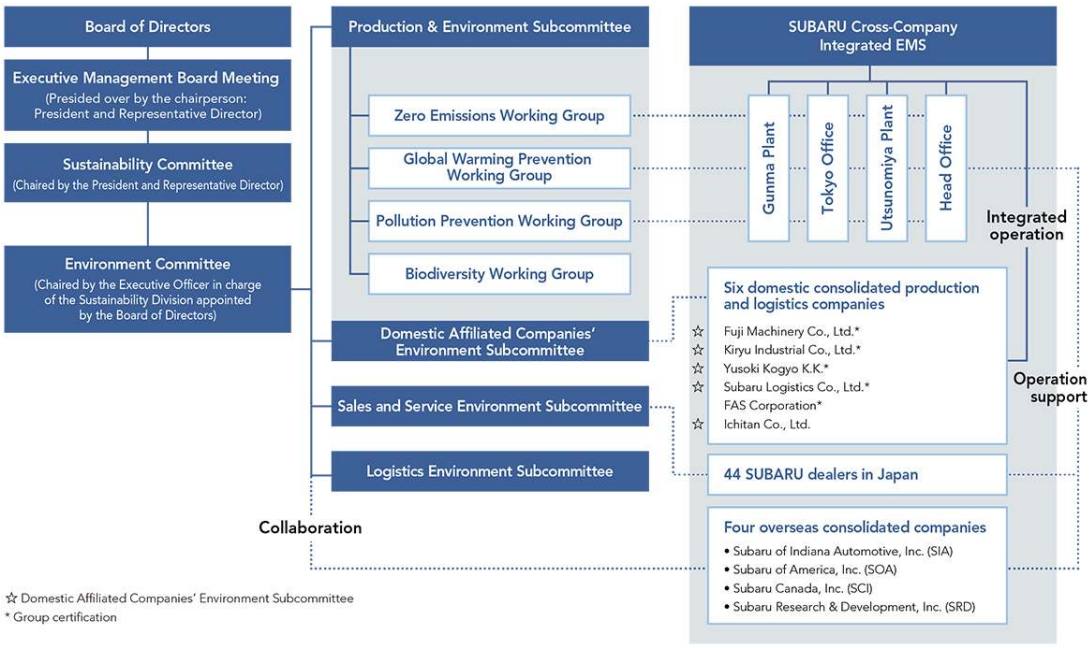
SUBARU's fields of business are the earth, the sky and nature. SUBARU understands that the health and preservation of biodiversity and controlling climate change are critical to ensuring a sustainable future for our planet earth, nature, communities, and businesses.

Products: We develop our products and conduct R&D in light of the life cycle 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 social needs and by publicizing our activities as Team SUBARU.

Management System

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 Executive Officer in charge of the Sustainability Division appointed by the Board of Directors 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 Sustainability Committee. Important issues are discussed and reported at the Executive Management Board Meeting and by the Board of Directors.
In addition, four committees have been created under the Environment Committee, with participation from major Group companies and comprising the SUBARU Group's environmental management organization.



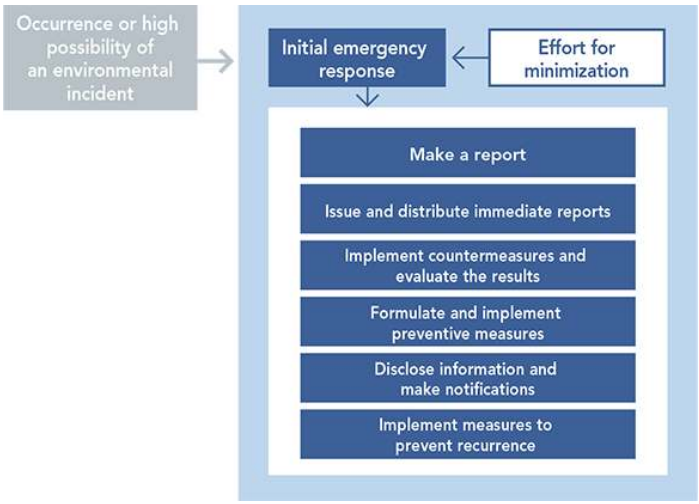
Environmental Risk Management System

SUBARU, in cooperation with relevant departments and staff involved with environmental laws and regulations at Group companies in Japan, regularly identifies the environmental risks involved in its business activities (environmental accidents, pollution, noncompliance with laws and regulations, etc.) and fosters the management of the identified risks to prevent and minimize their materialization. We also standardize the procedures to be followed when detecting an environmental risk and conduct drills in ordinary times so that we can promptly implement response measures in case of emergency and then take measures to prevent the recurrence of similar accidents, while preventing the spread of environmental pollution.

Implementation of Environmental Audits

1. Regular auditing based on the ISO 14001 environmental management system
2. On-site contractors audits to ensure proper collection, transportation, and disposal of industrial waste
3. On-site audits of compliance with environmental laws, regulations, and ordinances

Procedures to Be Followed in Case of an Environmental Accident



Acquisition of External Certification for EMS

SUBARU has been working to build an EMS, and its sites, suppliers, domestic and overseas consolidated production companies, and dealers have had their EMS certified by external organizations.

Major Certifications

ISO 14001

SUBARU CORPORATION and its six consolidated production and logistics subsidiaries in Japan and three consolidated production and sales subsidiaries in North America have obtained ISO 14001 certification for their EMS.

ISO 50001*1

In 2012, Subaru of Indiana Automotive, Inc., which is our production base in North America, became the first automobile production plant in the U.S. to acquire certification for ISO 50001, which is the international standard for energy management systems (EnMS).

ISO 39001*2

Subaru Logistics Co., Ltd. obtained certification for ISO 39001, the international standard for road traffic safety management systems, in 2015.

*1 International standard applicable to all organizations that sets the requirements to be met by business operators when conducting activities to build an energy management system, including the formulation of policies, targets, and plans for their energy use and the determination of management procedures.

*2 International standard for road traffic safety management systems. It requires organizations to appropriately manage the factors that could cause traffic accidents and reduce the related risks effectively and efficiently, thereby reducing the number of deaths and serious injuries caused by road traffic accidents.

› CSR Procurement

Establishment of EMSs and EnMSs by the SUBARU Group

	Plants and offices			Retailers		Suppliers
Category	**SUBARU CORPORATION Head Office**	**Domestic Consolidated Production and Logistics Companies**	**Overseas Consolidated Production Companies**	**Domestic Consolidated Automobile Sales Companies**	**Overseas Consolidated Automobile Sales Companies**	
Certification obtained for EMSs/EnMSs	ISO 14001	ISO 14001	ISO 14001 ISO 50001	Eco Action 21*1	ISO 14001	ISO 14001, Eco Action 21 or self-certification
Target	Gunma Plant Tokyo Office Utsunomiya Plant Head Office	Fuji Machinery Co., Ltd.*2 Kiryu Industrial Co., Ltd.* Yusoki Kogyo K.K.* Subaru Logistics Co., Ltd.* FAS Corporation* Ichitan Co., Ltd. Six companies in total	Subaru of Indiana Automotive, Inc.	SUBARU dealers 33 companies in total	Subaru of America, Inc. Subaru Canada, Inc. Two companies in total	Green procurement Suppliers of materials

*1 Environmental conservation activity promotion program formulated by Japan's Ministry of the Environment in which small and medium-sized enterprises (SME) work on three themes: EMS, environmental measures, and environmental reporting.

*2 Group certification: SUBARU CORPORATION and its affiliated companies marked with an asterisk (*) carry out mutual internal audits on their EMSs within the scope required for ISO 14001 group certification.

EMS Established by Dealers in Japan

All 33 consolidated dealers and 10 non-consolidated dealers in Japan have acquired Eco Action 21 certification. Under the certification system, they promote their EMS and carry out environmental audits on a regular basis for environmental conservation and compliance with environmental laws and regulations.
Moreover, we collect data about domestic dealers' energy use, CO_2 emissions, waste generation, and water use through the SUBARU Group's unique data system for environmental reporting and use the data to reduce our environmental impact.

EMS Established by Retailers in the U.S. (SOA)

Subaru of America, Inc. (SOA) promotes the Eco-Friendly Retailer Program that encourages SUBARU retailers in the U.S. to reduce energy consumption, water usage, waste and other environmental impacts. To be certified under the Eco-Friendly Retailer Program, a company must meet criteria in areas such as energy efficiency and recycling. At present, 240 dealers, or 37.5%, are participating in the program.

Management of Chemical Substances

In order to minimize the impact of chemical substances used in automobiles on people and to help preserve the environment through reduced impact, there is a growing international movement to require the identification, appropriate management and handling, and information disclosure of chemical substances contained in products.
SUBARU uses IMDS*1 as a method to manage its entire supply chain in order to identify which chemical substances are used in what amount in each of the several tens of thousands of parts that comprise its automobiles. Furthermore, we use SUBARU's proprietary CSMS*2 to substitute and/or manage elimination of substances prohibited under laws and regulations such as the REACH regulation*3 and the ELV Directive*4, and to appropriately disclose information on controlled substances required by the Waste Framework Directive (WFD)*5 and other regulations.
This work to manage chemical substances also aids in the SUBARU Group's work toward resource and other recycling.

*1 IMDS: International Material Data System, an international materials database for the automobile industry

*2 CSMS: Chemical Substance Management System

*3 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation: A European regulation requiring all chemical substances to be subject to management or restriction measures commensurate to the risk that they pose to humans and the environment.

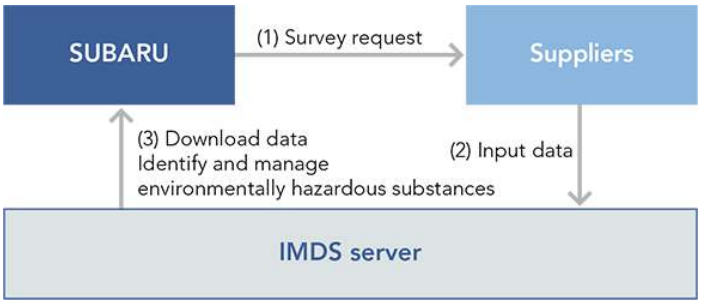
*4 ELV (End-of-Life Vehicles) Directive: A European automotive disposal directive requiring reduction of environmental impact from vehicles that are no longer used.

*5 WFD (Waste Framework Directive): Requires waste control and management.

› Prevention of Pollution

International Material Data System

Management of Environmentally Hazardous Substances through the IMDS



Targets and Results

Environment Action Plan 2030 and Other Key Environmental Initiatives

SUBARU initiated its new medium-term environmental plan in FYE March 2022.
This plan is formulated around two timelines that are aligned with environmental issues.

Environment Action Plan 2030:
This is a Group-wide plan with a medium- to long-term perspective and initiatives that spiral upward to address future expectations.

Other key environmental initiatives:
These granular initiatives are from a short- to medium-term perspective and are designed to meet current expectations.

The two main features of Environment Action Plan 2030 are milestone goals to achieve by 2050 and moving targets that change according to the expectations of society.
Through initiatives based on the new environmental plan, SUBARU will sincerely address the expectations of current and future generations and further contribute to the realization of a sustainable society.

In 2023, the medium-term goal for plants and offices (Scope 1 and 2) has been raised to reducing CO_2 emissions by 60% in FYE March 2036 versus FYE March 2017. The medium-term goal for products (Scope 3) has been raised to aiming for 50% of Subaru's total global sales to be BEVs in 2030.

Key Initiatives of Environment Action Plan 2030

Climate Change

Ⅰ. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030					
		Medium-Term Goals (Primary Category)	Bases		Goals by Base	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Plants and offices (Scope 1 and 2)	Target carbon neutrality by FYE March 2051.	Reduce CO_2 emissions by 30% in FYE March 2031 compared with FYE March 2017 (total volume basis).	Plants	Reduce CO_2 emissions from plants in Japan.	• Reduce CO_2 emissions from parent company plants*1 in FYE March 2031 by 30% compared with FYE March 2017 (total volume basis).	• Upgrade cogeneration equipment. • Switch to LED lighting. • Expand solar power generation facilities. • Upgrade equipment. • Consolidate production lines. • Improve the energy efficiency of existing facilities. • Reduce standby power. • Purchase CO_2-free electricity.	• Upgrade cogeneration equipment. (Gunma Oizumi Plant) • Switch to LED lighting. • Expand solar power generation facilities, use existing solar power generation facilities. • Upgrade equipment. • Improve the energy efficiency of existing facilities. • Reduce standby power. • Reduce business trips using company cars through the use of web conferencing. • Purchase CO_2-free electricity.
					• Reduce CO_2 emissions from Group plants in Japan*2 in FYE March 2031 by 10% compared with FYE March 2017 (total volume basis).	• Continue energy-saving activities. • Share best practices. • Initiate reduction strategy studies.	• Introduce or explore introduction of CO_2-free electricity. • Continue energy-saving activities.

Field	Long-Term Vision	Environment Action Plan 2030					
		Medium-Term Goals (Primary Category)	Bases		Goals by Base	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
				Reduce CO_2 emissions from plants overseas.	• Reduce CO_2 emissions from overseas plants*3 in FYE March 2031 by 30% compared with FYE March 2017 (total volume basis).	• Switch to LED lighting. • Expand solar power generation facilities. • Improve the energy efficiency of existing facilities. • Initiate additional reduction strategy studies.	• Understand energy consumption trends. • Continue energy-saving activities.
			Head Office	Reduce CO_2 emissions from the Head Office building*4.	• Reduce CO_2 emissions to zero.	• Continue energy-saving activities. • Purchase CO_2-free electricity. • Utilize power and heat certificates.	• Achieve zero CO_2 emissions at the entire Subaru Building housing the Head Office. • Convert all power at Takao Training Center to CO_2-free electricity through use of certificates.
			Dealership	Reduce CO_2 emissions from dealerships in Japan.	• Aggregate information and upgrade systems to reduce CO_2 emissions.	• Continue energy-saving activities. • Share best practices. • Initiate reduction strategy studies.	• Investigate the status of utilization of CO_2-free electricity and understand the status of its introduction. • Launch studies for solar power generation and energy-saving checkups.

Field	Long-Term Vision	Environment Action Plan 2030					
		Medium-Term Goals (Primary Category)	Bases		Goals by Base	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Products (Scope 3)	On a well-to-wheel*5 basis, we will pursue our goal of reducing the average CO_2 emissions from new vehicles (in operation) sold worldwide by at least 90% by 2050, compared with 2010*6.	• By 2030, we will pursue our goal of [increasing the ratio of electric vehicles (EVs) and hybrid electric cars (HEVs) to at least up to 40% of the gross number of vehicles sold globally. • In the early 2030s, all commercial SUBARU cars*7 will be equipped with electrification technology*8.	Automobiles	Improve fuel economy and equip vehicles with electrification technology.	• Begin marketing strong hybrid electric vehicles (SHEVs). • Increase models equipped with electrification technology. • Improve the fuel efficiency of internal combustion engines.	• Mass production of SHEVs. • Conduct research to add EVs to lineup. • Equip more vehicles with environmentally responsible engines.	• Transition the next-generation e-BOXER from advance development to mass production development as planned. • Initiate preparations for production at production sites.
				Clean energy use.	• Conduct research and development to launch BEVs. • Begin marketing BEVs.	• Mass production and marketing of BEVs. • Research BEVs.	• SUBARU's first full-scale BEV, the Solterra, began pre-orders in the U.S. from February 2022 and in Japan from May 2022. Deliveries were launched in October 2022. • Started studies toward BEVs produced in-house at SUBARU toward enhancing product lineup.
				Road traffic improvement – IT technology (Self-driving technology and preventive safety technology).	• Develop driving assistance technology and preventive safety technology centered on the EyeSight Advanced Driver Assistance System and expand into more markets.	• Enhance recognition performance of next-generation EyeSight to alleviate traffic congestion and improve traffic flow. Begin marketing and expand use of highly functional driver assist controls.	• Expand deployment of next-generation EyeSight with enhanced recognition performance and driver assist control to the new Crosstrek.

*1 Gunma Plant, Tokyo Office, Utsunomiya Plant

*2 Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K.

*3 Subaru of Indiana Automotive, Inc.

*4 Head Office floors of the Ebisu Subaru Building (Shibuya-ku, Tokyo)

*5 Well-to-wheel: Approach to calculating CO_2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.

*6 Reduce total CO_2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.

*7 Including material, chemical, and plastic recycling.

*8 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

Ⅱ. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1–3 Years)	Major Results in FYE March 2023
Logistics	Implement measures to reduce CO_2 in line with the Energy Saving Law.	・Reduce CO_2 emission intensity by 1% every year, using FYE March 2007 as a benchmark.	・Continuously promote improvement activities, such as higher loading rates, review of transportation routes, and joint transportation. ・CO_2 emissions for finished vehicles per unit for FYE March 2023 29.12 kg/unit, which was below the target of 26.49 kg/per unit (1% reduction every fiscal year from the FYE March 2007 benchmark). (Target archived)

Resource Recycling

Ⅰ. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030		
		Medium-Term Goals	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Products (automobiles)	Contribute to resource recycling and carbon neutrality.	・Target the use of recycled materials*1 for more than 25% of the plastic used in new models sold worldwide*2 by 2030. ・Adopt CO_2-free materials such as biomass plastic. ・Proactively adopt plastic materials*3 that have less environmental impact.	・Establish milestones for SUBARU's 2030 goals, and determine outlook for achieving initial milestones. Further support achievement of goals with ongoing studies to expand scope of encompassed parts.	・Plan to incorporate recycled materials into each development vehicle to achieve initial milestones (through 2025). ・Identify technology and procurement issues for medium-term milestones (through 2028) and formulate a strategy to address each.
Production	Help create a recycling-oriented society with clean production plants.	Achieve zero emissions at production plants*4 in Japan and overseas (zero landfill waste either directly or indirectly).	Maintain zero emissions at production plants in Japan and overseas (zero landfill waste either directly or indirectly).	・Maintain zero emissions at production plants in Japan and overseas (zero landfill waste either directly or indirectly). ・Study utilization of plastic recycling (simple incineration → expansion of thermal recycling and material recycling).
		Appropriately manage water use at both domestic and overseas production plants.*4	Maintain appropriate management of water use at both domestic and overseas production plants.*4	Maintain appropriate management of water use at both domestic and overseas production plants.*4

*1 Including material, chemical, and plastic recycling.

*2 Excluding models supplied by OEMs.

*3 Materials and suppliers with lower CO_2 emissions and environmental pollution at the manufacturing stage.

*4 Parent company: Gunma Plant, Tokyo Office, Utsunomiya Plant; Subsidiaries: Fuji Machinery Co., Ltd., Kiryu Industrial Co., Ltd., Ichitan Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K., Subaru of Indiana Automotive, Inc.

Ⅱ. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1–3 Years)	Major Results in FYE March 2023
Products (automobiles)	Recyclability improvement	・Continue to implement measures to comply with the Automobile Recycling Law. ・Continue to implement measures to make parts and materials more detachable, separable, and sortable. ・Contribute to a 95% recycling efficiency rate.	・Continue to educate employees to raise awareness of design for recycling. ・Based on internal Design for Recycling Guidelines, continue initiatives to improve the recycling rate by making it easier to remove parts and sort materials. ・Continue to achieve a recyclability rate of more than 95%.
		・Make efforts for CFRP recycling technology.	
	Promotion of life-cycle assessment	Promote disclosure of life-cycle assessment (LCA) data.	Disclose LCA for the new Crosstrek and Solterra.
Production	Waste control and proper disposal	Continue to control waste generation through means such as improving yield and packing style, and properly dispose of waste.	Conduct Group training in order to continue to control waste generation through means such as improving yield and to properly dispose of waste.

Pollution Prevention and Reduction of Hazardous Chemical Use

Ⅰ. Key Initiatives of Environment Action Plan 2030

Field	Long-Term Vision	Environment Action Plan 2030		
		Medium-Term Goals	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Production	Coexist with communities with production plants that are socially and environmentally responsible.	Target zero serious environmental accidents.*	・Zero environmental accidents, complaints, or violations of statutory standards. ・Set voluntary standards above statutory levels.	・Conduct safety training internally and externally. ・Continue to hold meetings of the Complaint Elimination Committee (for odors/construction).

* Zero emissions into the environment, accidents, complaints, or violations of statutory standards.

Ⅱ. Other key environmental initiatives

Field	Item	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Products (automobiles)	Promote the introduction of low-emission vehicles to improve air quality.	・Japan: Increase the number of WLTP low-emission standard certified models (vehicles produced by SUBARU).	・Promote the number of WLTP low-emission standard certified models.
		・Overseas: Introduce low-emission vehicles to improve air quality in countries and regions.	・Carry out advance development for the next LEVⅣ regulation in North America. ・Have development address tighter regulations in countries outside our major markets.
	Promote the management and reduction in the use of environmentally hazardous substances.	・Improve management of chemical substances contained in products.	・Participate in the creation of the Industry Standards Tool for Management of Chemical Substances Contained in Products by Japan Automobile Manufacturers Association, Inc. (JAMA), and plan to adopt at SUBARU on its completion.
		・Promote switching to substances with lower environmental impact.	・Currently switching to Dechlorane Plus, a polychlorinated flame retardant, substances that will be newly regulated under the Stockholm Convention on Persistent Organic Pollutants due to concerns about environmental persistence.

Field	Item	Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Production	Further reduce per unit of volatile organic compound (VOC) emissions (g/m^2) at production lines.	・Reduce unit VOC emissions.	・Actual: 50.3 g/m^2 vs. Target: 50.2 g/m^2 Target not achieved due to reduction in units produced versus initial plan.
	Continue to reduce emissions of Pollutant Release and Transfer Register (PRTR) substances into the environment.	・Identify and manage the chemical substances regulated by the PRTR law and promote further reduction in the use of these substances.	・Manage with utilization of the PRTR system.

Disclosure and Discussion of Coexistence with Communities and Environmental Information

Ⅰ. Key Initiatives of Environment Action Plan 2030

Field	Medium-Term Goals	Environment Action Plan 2030 Short-Term Initiatives (1–3 Years) Components of Primary Initiatives	Major Results in FYE March 2023
Management	Coexist with communities through activities to preserve nature.	・Build relationships with residents through means including plant opening events. ・Participate in local cleanup and greening activities, including biodiversity preservation. ・Collaborate with local governments and environmental preservation groups.	・Formulate Planting guidelines. ・Create and hand out coasters from thinned wood harvested during construction of a new facility at the Utsunomiya Plant.
	Earn greater trust from society through environmental information disclosure and dialogue.	・Continuously improve disclosure information. ・Collaborate with external evaluation organizations. ・Promote constructive dialogue with investors, etc.	・Disclose environmental targets in integrated reports, sustainability website, notices of convocation, securities reports, etc. ・Hold dialogues and briefings with analysts and institutional investors (SR investor engagements with 14 companies).

Collaborate with Customers and Promote Environmental Management

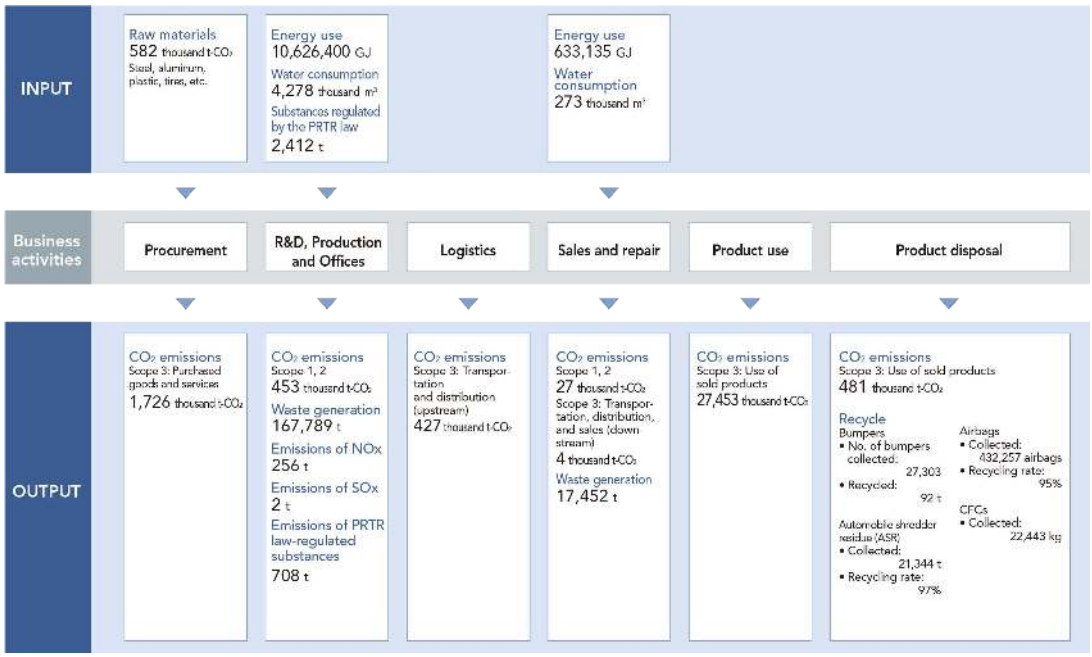
Other key environmental initiatives

Field	Item	Short-Term Initiatives (1–3 Years)	Major Results in FYE March 2023
Procurement	Request suppliers in Japan and overseas to build, maintain, and strengthen an EMS.	・Continue to establish and maintain the EMS including with new suppliers.	・Confirm maintenance of EMS establishment by 353 mass production suppliers.
		・Request that the entire supply chain improve environmental management throughout the product life cycle.	・As part of environmental management, conduct discussions with major business partners about expanding use of recycled resin materials. ・Conduct surveys of total CO_2 emissions at business partners toward achieving carbon neutrality. Conduct trial emissions surveys for each part / at the part level.
	Reduce environmentally hazardous substances.	・Expand management and promote reduction of environmentally hazardous substances contained in parts and raw materials at suppliers.	・Expand scope of IMDS management to the U.S. (SIA) and strengthen chemical substance management system.
	Apply the supplier CSR guidelines and green procurement guidelines.	・Revise the guidelines according to changes in the social environment and Company policy, and request suppliers to deploy, disseminate, and comply with the guidelines.	・Revise publication to incorporate emergency risk management in case of violation of environmental laws and regulations or environmental accidents.

Field	Item	Short-Term Initiatives (1–3 Years)	Major Results in FYE March 2023
Sales (automobiles)	Provide support to SUBARU dealerships' environmental activities.	· Support all dealerships for maintaining Eco Action 21* certification. · Support maintenance of voluntary environmental initiatives such as energy saving and waste reduction utilizing Eco Action 21.	· Check certification renewal status and continue D-SPECS system maintenance. · Conduct a workshop to help dealerships acquire waste management licensing (introductory level).
Management	Operate and upgrade EMS.	· Maintain ISO 14001 integrated certification for all Company sites. · Make continuous improvements to the EMS.	· Maintain ISO 14001 integrated certification. · Make continuous improvements to the EMS.

* Environmental conservation activity promotion program formulated by Japan's Ministry of the Environment in which SME work on three themes: EMS, environmental measures, and environmental reporting.

SUBARU Group Material Flow



Scope:

[Procurement] SUBARU: Gunma Plant, Utsunomiya Plant, Handa Plant, Handa West Plant

[R&D and Production] SUBARU: Gunma Plant, Utsunomiya Plant, Handa Plant, Handa West Plant, Tokyo Office, Ebisu Subaru Building, Accessory Center, Subaru Research and Experiment Center, Subaru Test & Development Center Bifuka Proving Ground, Subaru Training Center, Omiya Subaru Building
Group companies in Japan: 19 domestic consolidated subsidiaries
Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru Research & Development, Inc.

[Logistics] Land transport (in Japan) and marine transport

[Sales and Repair] 33 domestic dealerships who are consolidated subsidiaries, Subaru of America, Inc. and Subaru Canada, Inc.

[Product use and disposal] Sold SUBARU vehicles

Environmental Investment

Calculation Method

SUBARU has its own guidelines for calculating and tabulating the amount of environmental investments made by the Company. These guidelines are aligned with SUBARU's environmental conservation organization.

Calculation Results

Environmental investment in FYE March 2023 decreased 301 million yen year on year to 2,970 million yen.

SUBARU Group Environmental Investment

(Millions of yen)

Item	Category	Consolidated	
		FYE March 2022	FYE March 2023
(1) Cost in the business area	(i) Pollution prevention cost	259	797
	(ii) Global environment conservation cost	155	648
	(iii) Resource recycling cost	7	0
(2) R&D cost	R&D cost to reduce environmental impact	2,849	1,526
(3) Environmental remediation costs	Costs for remediating soil and groundwater pollution	0	0
Grand total		**3,271**	**2,970**

Note: Due to rounding, the sum may not exactly match the corresponding total.

Scope

SUBARU: SUBARU CORPORATION

Group companies in Japan: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

Environmental Education

SUBARU deems it important for employees to conduct business and environmental activities with a strong awareness of environmental issues and the importance of environmental efficiency. Based on this recognition, we provide employees with a range of environmental education according to rank and job type.

New Employee Environmental Education

We provided education online during FYE March 2023 to help prevent the spread of COVID-19. The program covered topics such as the SUBARU Group's Six Priority Areas for CSR to become a sustainable company and the SUBARU Global Sustainability Policy.

Training on Environmental Laws and Regulations

SUBARU provides training on environmental laws and regulations as necessary to ensure compliance with such laws and regulations. In FYE March 2023, training on chemical substance management (cumulative total of 891 participants across the first and second half) and training on the Waste Management and Public Cleansing Act (cumulative total of 777 participants across the first and second half) was held for SUBARU and SUBARU Group personnel in Japan. After these trainings are carried out, we conduct a questionnaire, using the results as a reference for planning training on environmental laws and regulations in FYE March 2024, in order to make the training even more useful.

ISO 14001 New Internal Auditors Training Seminar

We also held the ISO 14001 New Internal Auditors Training Seminar, taught by external lecturers in an online format, to enhance the internal auditing system for our ISO 14001-certified EMS and to strengthen environmental conservation activities conducted at our workplaces. In FYE March 2023, the 160 participants worked hard to gain the knowledge required of internal auditors.

Dealers in Japan

In FYE March 2023, a total of 988 people participated in training on the Waste Management and Public Cleansing Act and compliance training for sheet metal painting factories, targeting dealership head office managers and personnel, and workshops to help dealerships acquire industrial waste management licensing for practical personnel at dealership head offices and locations. In addition, we are developing materials as necessary regarding amendments made to laws and regulations. Through these efforts, we are deepening understanding of environmental laws and regulations at our dealerships in Japan.

Subaru Logistics Co., Ltd.

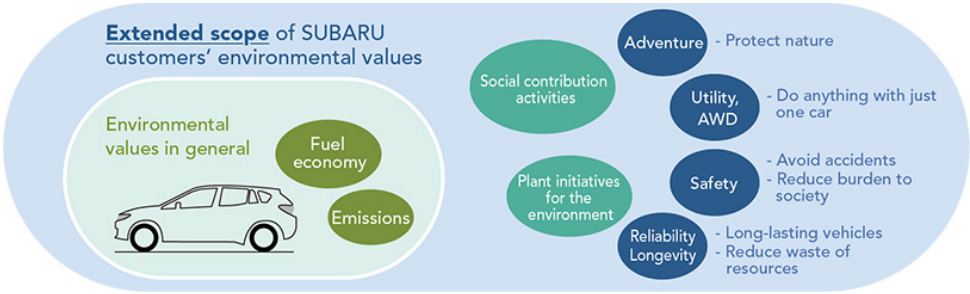
Subaru Logistics Co., Ltd. conducts in-house training on environmental laws and regulations in order to ensure compliance with environmental laws and regulations. In FYE March 2023, 59 people participated in this training, which focused on the content of revisions to the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement. In addition, we held a total of four training sessions for major departments that use chemical substances on the topic of chemical substances regulations after revision of the Industrial Safety and Health Act, as we address revisions to various environmental laws and regulations.

Training session

Environmentally Friendly Automobiles

Our Approach

The environment surrounding our business is rapidly changing, and we believe we have entered an era where stakeholders not only question our business performance but also our corporate posture and raison d'être, such as how we contribute as a company to decarbonization and the realization of a sustainable society. Particularly in the U.S., an important market for SUBARU, we have found that there is a generally high level of awareness about global resources and society among our customers. They do not see environmental value in the usual sense—a vehicle's fuel efficiency, emissions, or size—but instead recognize it in a broader sense, including the three elements of our "Enjoyment and Peace of Mind" value: that our utility and AWD vehicles allow them to do anything with just one car; that our safety causes fewer accidents and no problems for society; and that our reliability and longevity makes them useful over long periods of time and do not lead to wasted resources.
In promoting our electrification strategy, we at SUBARU believe that the most important thing is to assess the convenience of BEVs from a range of perspectives. This includes changes in markets and regulations, as well as changes in customer needs, preferences, and values, plus social infrastructure, while also striving to ensure a high level of financial soundness. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness in order to meet their expectations and continue to be a brand that is "different." We will also develop a flexible production system that incorporates the state of the market environment and manufacture environmentally friendly vehicles.



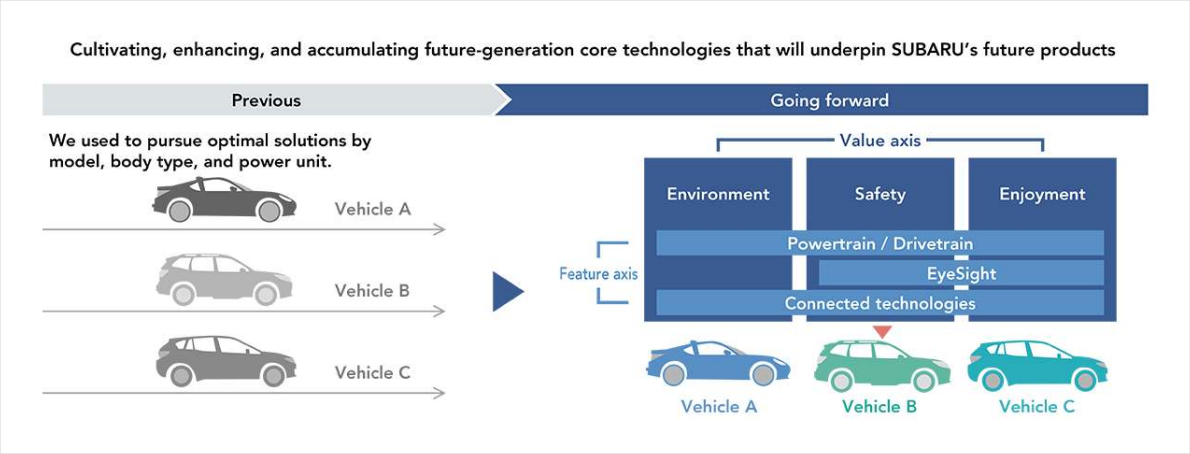
In addition, "the earth, the sky and nature" are SUBARU's fields of business, and we truly do value the benefits nature provides. The SUBARU Group is committed to increasing the environmental performance of its products and also to protecting the global environment throughout the life cycle of its products, including product use, materials and components, transportation, disposal, and manufacturing.

Management System

We need to effectively invest resources in the development of strategic technologies and link technology and management more comprehensively. This will enable us to address new technologies, as symbolized by the EVs that will be key to resolving environmental issues, autonomous driving, and connected car services, which in turn will enable us to deliver appealing products.
SUBARU has therefore transitioned to a development system that organically combines value and function from a development system based on functional units such as vehicle bodies and power units in order to accelerate the development of new technologies such as environmentally responsible EVs. In this system, we are integrating relevant departments and newly establishing departments connected to battery development. In addition, from April 2023, the Chief Technology Officer (CTO) and CTO Office were spun off from the Engineering Management Division to help them establish technology strategies in an environment with a reasonable distance from the execution of business and from a position closer to management. This is also to facilitate strategic planning not only for future technologies but also for manufacturing, procurement, and other overall car-making activities.

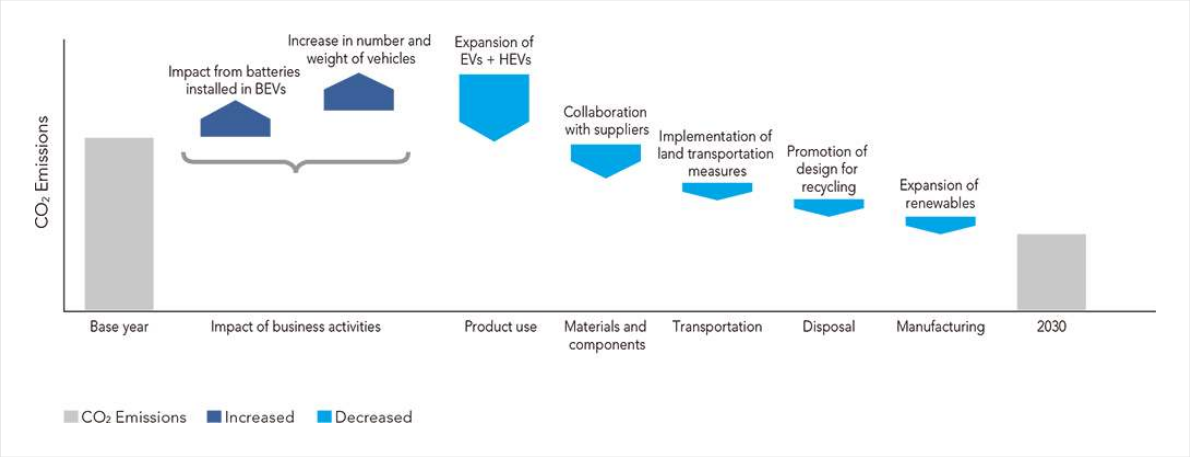
Our objective is to empower a transformation to a Group-wide optimization perspective over a division and vehicle optimization perspective within an organization that is flexibly able to address the technologies of the future. Our development system will evolve into a core platform for creating and delivering environmental and technological value that demonstrates SUBARU-ness.

Establishing a development system for cultivating, enhancing, and accumulating future-generation core technologies that will underpin SUBARU's future products

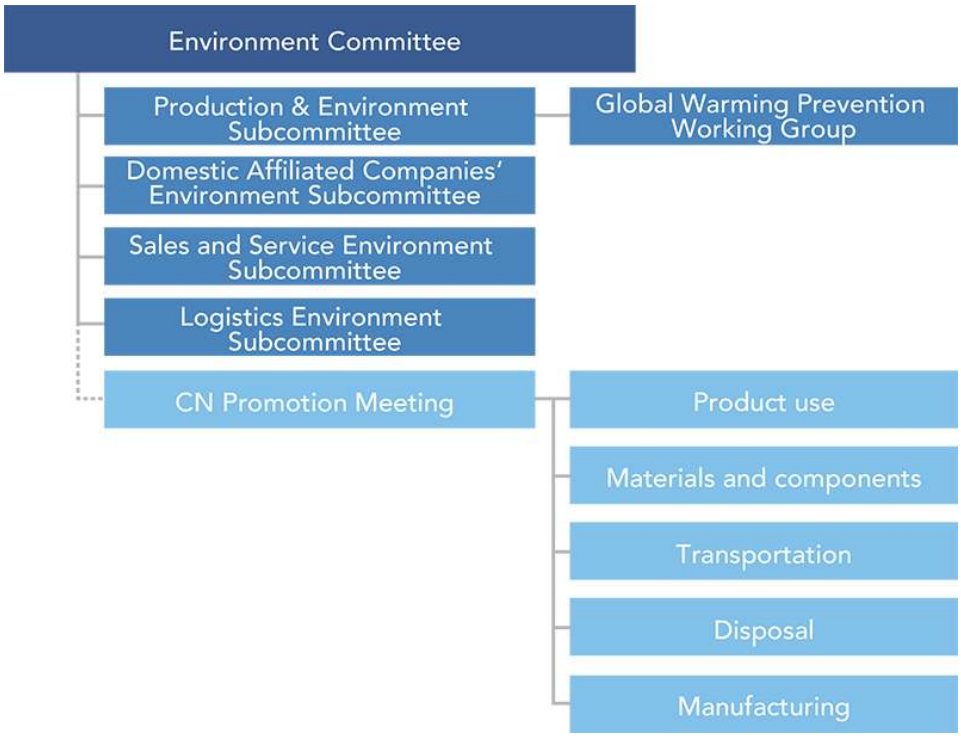


In addition, in order to contribute to the realization of a decarbonized society through the reduction of CO_2 emissions throughout the life cycle of our business activities, SUBARU has designated departments in charge of the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing." We now also hold monthly CN Promotion Meetings, bringing together representatives from the relevant departments in each area. In these CN Promotion Meetings, members share information from each area, formulate a master plan from a medium- to long-term perspective, and visualize the transition of emissions in each area in the interest of achieving carbon neutrality by 2050.

Approach to CO_2 emissions reduction from an LCA perspective



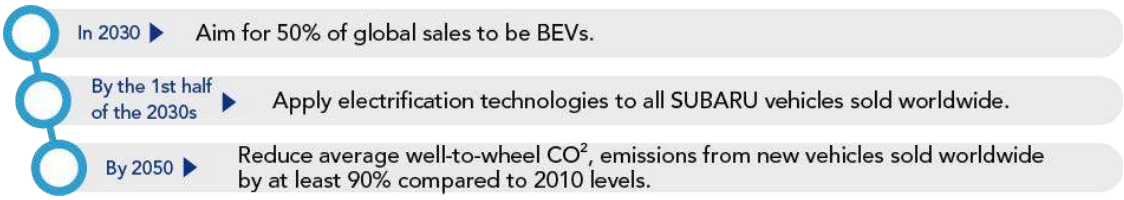
Governance Structure for Climate Change



Medium- to Long-Term Goals (Long-Term Vision and Milestones)

In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term vision) for reducing CO_2 emissions and medium-term goals (milestones) to complement them.
In the era of the electric car, the business environment is characterized by rapid, disruptive change. In order to achieve our vision for 2050, we will review our intermediate milestones for 2030 as necessary to adapt to this environment, continuing to enhance the SUBARU Difference and work toward environmentally friendly car-making.

- On a well-to-wheel[*1] basis, we will pursue our goal of reducing the average CO_2 emissions from new vehicles (in operation) sold worldwide by at least 90%[*2] by 2050, compared with 2010.
- In the early 2030s, all commercial SUBARU cars[*3] will be equipped with electrification technology[*4].
- In 2030, aim for 50% of global sales to be BEVs



Furthermore, we have set the target of proceeding with research and development with the goal of using recycled materials*5 for more than 25% of the plastics used in new models*4 released worldwide by 2030 to help address the global waste plastic problem. To achieve this target, we are working to establish quality standards for recycled plastics and a raw material recovery scheme.

*1 Well-to-Wheel: Approach to calculating CO_2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.

*2 Reduce total CO_2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more compared 2010 levels by 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.

*3 Excluding models supplied by OEMs.

*4 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

*5 Including material, chemical, and plastic recycling.

Strategy for Transition Risks

To address climate change-related transition risks in policy and regulation, technology, markets, and other items, SUBARU works to identify uncertain climate change-related risks. We also formulate our own scenarios and plans for achieving our medium- to long-term goals, based on policy trends in various countries and information published by the International Energy Agency and others that is specific to the scenario for reaching carbon neutrality by 2050 (equivalent to the 1.5°C scenario). These scenarios and plans are examined for compatibility with policies relevant to SUBARU.

› Climate Change (Risks and Opportunities Identified, Risk Management)

Transition Risks Related to Business Management in General and Products

Regulations	**Business Management in General**	Revisions to climate change targets in various countries could significantly impact our overall business.
	Products	Failure to meet fuel economy regulations in various countries could result in additional costs or losses due to legal violations, or limit our opportunities to sell products.
Technologies	**Products**	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.
Markets	**Products**	At present, it is difficult to make predictions with regard to 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. SUBARU views electrification as a steady medium- to long-term trend. In the event of its swift and sweeping penetration of the market at some stage, SUBARU could be unprepared for such a prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.
Reputation	**Business Management in General**	Failure to implement adequate initiatives to achieve zero-carbon outcomes could have an adverse impact on recruitment and sales due to damage to brand value, and higher cost of capital due to difficulties in raising funds.

Strategic reorganization of domestic production

In order to make environmental efforts with commitment to enhancing the SUBARU-ness and accelerate our roadmap toward 2050, SUBARU is implementing a strategic reorganization of its domestic production system. In this reorganization, it plans to invest 250 billion yen over five years starting from FYE March 2024. The production system reorganization targets two main goals formulated based on identified transition risks. These goals are to build a flexible system that can ensure production of internal combustion engine (ICE) vehicles and HEVs as needed during the transition to BEVs and to achieve efficient BEV production in the BEV business, where profitability remains an issue, in order to improve business potential.

As our roadmap for the domestic production system, we will launch in-house production of BEVs with a target start date around 2025, and gradually increase the number and models of BEVs produced. Furthermore, we are exploring the addition of BEV-dedicated production lines on or after 2027. At the Oizumi Plant, where we currently manufacture power units, the production of the next-generation e-BOXER* is planned for transfer to the Kitamoto Plant. This will be done to prepare for the transition to BEV production and to steadily make progress in installing the next-generation e-BOXER to multiple models. Preparations have begun to increase BEV production capacity at the Yajima Plant from 100,000 units per year, the initial plan, to 200,000 units by around 2026. Together with the newly launched Oizumi Plant, this is expected to bring domestic BEV production capacity to 400,000 units beginning in 2028. In conjunction with these increases, we have also begun exploring next-generation e-BOXER and BEV production in the U.S.

Here, we are building a production system that can dynamically adapt the production ratio between BEVs, hybrids, and ICE vehicles while keeping a close eye on environmental regulations and market trends. Simultaneously, these efforts will result in a production system founded in the concept of flexibility and scalability so that we can immediately scale production as soon as we can perceive future directions.

In addition to the Solterra, which was launched in 2022, we will launch three new BEVs to enhance the SUV category, an area where we have strengths, by the end of 2026. Furthermore, we will make efforts globally through our alliance with Toyota Motor Corporation for battery procurement to support the sales of these vehicles. We are also planning to add four more models to our BEV lineup by the end of 2028, aiming for sales of 400,000 units in the North American market in 2028.

In promoting our electrification strategy, we at SUBARU believe that the most important thing is to assess the convenience of BEVs from a range of perspectives. This includes changes in markets and regulations, as well as changes in customer needs, preferences, and values, plus social infrastructure. Based on this concept, SUBARU will continue to develop products that satisfy customers and bring them happiness. We will also continue to develop a flexible production system that incorporates the state of the market environment.

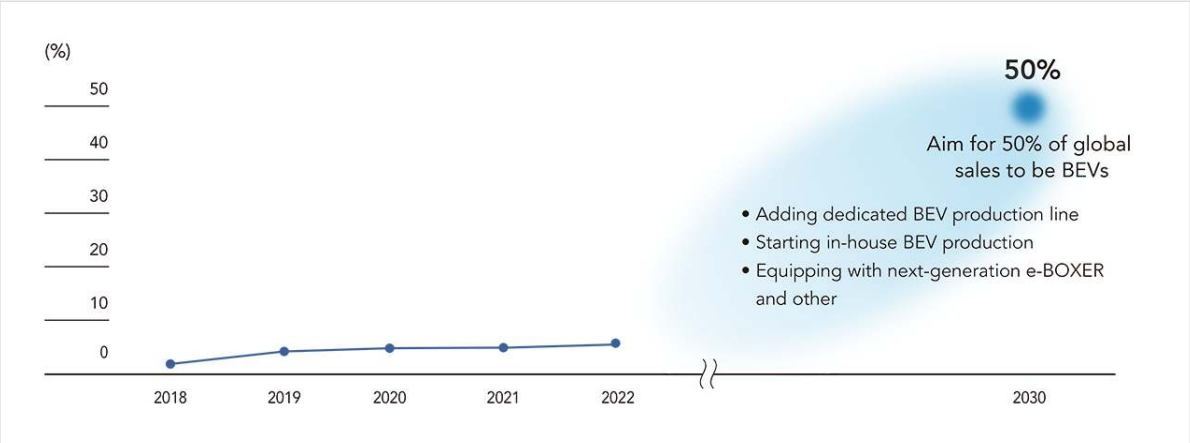
* Generic term used for "horizontally-opposed engine + electrification technology," which offers the unique driving pleasure of SUBARU while being environmentally friendly.

Strategic reorganization of domestic production

■Respond to market changes by reorganizing the production structure based on the "flexibility and expandability" policy.
■Start production of BEVs and the next-generation HEVs in the U.S.

The percentage of SUBARU's EVs as a share of global sales in FYE March 2023 was 5.7%. However, we will grow our earnings base in the BEV era by strengthening our supply capacity for EVs, including the start of in-house BEV production in the mid-2020s in conjunction with the reorganization of our domestic production system, the launch of the next-generation e-BOXER, and the addition of dedicated BEV production lines in the late 2020s. As we do this, we will work to ensure a high level of financial soundness, taking actions in a sustainable structure toward our stated goal of aiming for 50% of SUBARU global sales to be BEVs in 2030.

Results and future plan of percentage of EVs sold (retail sales basis)



Initiatives

Efforts to Reduce CO_2 Emissions for New Models

SUBARU is naturally working to improve the fuel efficiency of gasoline engine vehicles while turning its attention to expanding its lineup of EV models, especially the development and supply of BEVs. We believe it will be especially important to steadily promote the expansion of the above initiatives in order to reduce the amount of CO_2 emitted from automobiles.

Battery Electric Vehicles (BEVs)

In May 2022, SUBARU launched the Solterra as another step toward the era of the electric car. Its first global BEV, the Solterra is designed to achieve coexistence with nature. It utilizes the e-SUBARU Global Platform, a dedicated EV platform we jointly developed with Toyota Motor Corporation ("Toyota"), as well as the AWD technology we have developed for many years and Toyota's outstanding electrification technology, thus bringing together the strengths of both companies and efficiently leveraging our development investments. In addition to the Solterra, we plan to launch three new BEVs to the SUV category by the end of 2026. Like with our existing vehicles, we will bring SUVs featuring the unique appeal of SUBARU's BEVs to Japan, the U.S. and Canada, Europe, China, and other markets, aiming to further strengthen the value we offer with the goal of being a brand that is "different" from others. We are also planning to add four more models to our BEV lineup by the end of 2028.

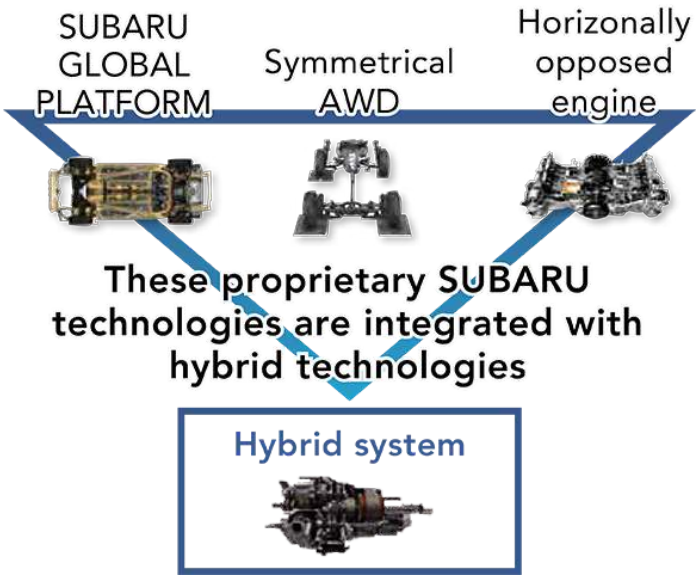
At SUBARU, we will continue to help protect the environment as we consider practical functions and customer preferences in enhancing our lineup in the markets we serve with environmentally friendly vehicles that are unique to SUBARU.

SUBARU name for the jointly developed EV: Solterra
"Solterra" is a coined word that combines the Latin words "sol," which means "sun," and "terra," which means "earth."

Hybrid Electric Vehicles (HEVs)

SUBARU has been increasing the number of vehicles equipped with its mild hybrid e-BOXER engine that combines a horizontally-opposed engine and electrification technology, and to reduce CO_2 emissions has implemented initiatives such as creating its own PHEV using HEV expertise from Toyota. In addition, looking ahead to 2025, we will begin next-generation e-BOXER production that incorporates THS*1 technology to deliver vehicles that feature the SUBARU-ness while offering high-level environmental performance. By steadily expanding our product lineup of EVs, we will help reduce CO_2 emissions for new models.

*1 THS: TOYOTA Hybrid System



Gasoline-Powered Vehicles

We will continue to meet demand for conventional gasoline-powered vehicles from customers. HEVs, which we are expanding to include more models, are made by combining gasoline engines with electrification technology, and engines need further technological improvements to boost fuel efficiency. The 1.8-liter BOXER DIT*2 combines the unique driving pleasure of a SUBARU with outstanding environmental performance. Installed in the Levorg, Forester, and Outback models, it is a next-generation BOXER engine with a turbo system that generates high torque at low RPM. Its lean combustion technology produces more energy with less fuel. Combined with the expanded Lineartronic shift range, this engine offers even more powerful acceleration off the line and superb fuel efficiency when cruising at high speed. In addition, SUBARU is continuing to pursue the potential offered by engines in the era of carbon neutrality by participating in races with vehicles that use carbon-neutral fuel, as well as participating in the Research Association of Biomass Innovation for Next Generation Automobile Fuels.

New 1.8-liter DIT engine

*2 Direct injection turbo

Research Association of Biomass Innovation for Next Generation Automobile Fuels

SUBARU, together with ENEOS Corporation, Suzuki Motor Corporation, Daihatsu Motor Co., Ltd., Toyota Motor Corporation, and Toyota Tsusho Corporation, established the Research Association of Biomass Innovation for Next Generation Automobile Fuels to research efficiency improvements in processes to produce fuel. Currently, seven companies, including Mazda Motor Corporation, are participating in this association to advance technological research on the use of biomass and efficient production of bioethanol fuel for automobiles in order to realize a carbon-neutral society.

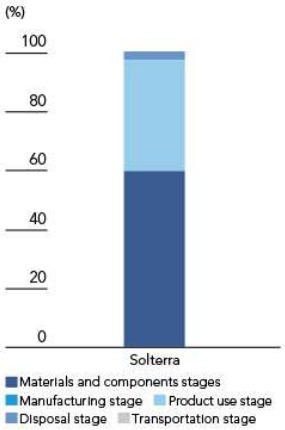
Life Cycle Assessment

SUBARU conducts LCA*3 to evaluate CO_2 emissions during the entire life cycle of automobiles. We will quantify the environmental impact of automobiles and proactively develop automobiles taking into account the need for decarbonization from the design stage.
In addition, SUBARU has designated departments in charge of the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing" as of FYE March 2022. We now also hold monthly CN Promotion Meetings, bringing together representatives from the relevant departments in each area. By operating a cross-organizational committee structure, SUBARU will further promote efforts to reduce CO_2 emissions throughout the life cycle of our business activities.

*3 Life-cycle assessment (LCA) is an environmental impact assessment method that comprehensively evaluates environmental load at every stage of the life cycle of products and services from raw material procurement to production, use, disposal, and recycling. For SUBARU, assessments are for cars built for the Japanese market.

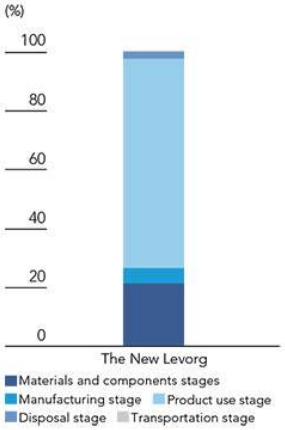
Solterra

In May 2022, SUBARU launched the Solterra, its first global BEV.
The ratio of CO_2 emissions at each LCA stage is shown below.



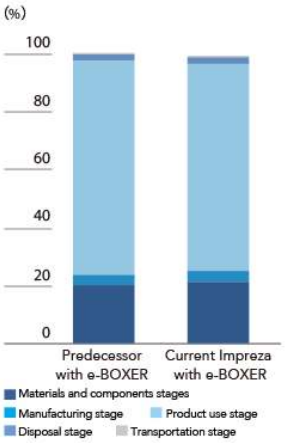
Levorg

The displacement class of the new Levorg announced in October 2020 has changed.
The ratio of CO_2 emissions at each LCA stage is shown below.



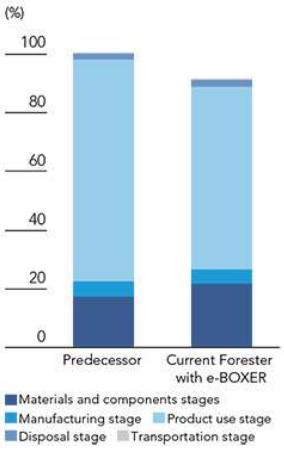
Impreza

The ratio of CO_2 emissions at each stage of the LCA for the new Impreza (e-BOXER) announced in April 2023 is shown below.
It reduces CO_2 emissions by 2.4% over its life cycle compared with its e-BOXER predecessor.



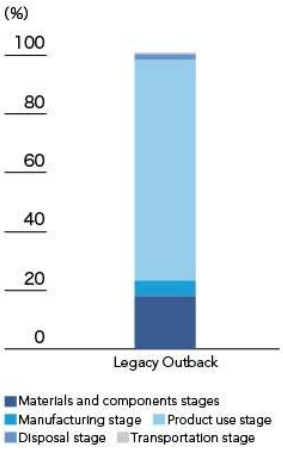
Forester

LCA of the new Forester announced in June 2018 is shown below.
It reduces CO_2 emissions by 8.7% over its life cycle compared with its gasoline-fueled predecessor.



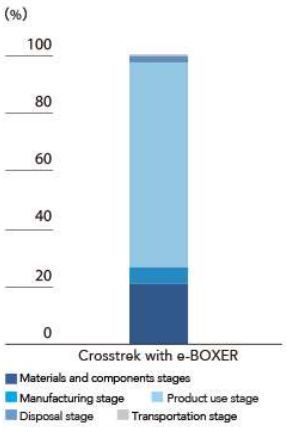
Legacy Outback

The ratio of CO_2 emissions at each stage of the LCA for the new Legacy Outback announced in October 2021 is shown below.



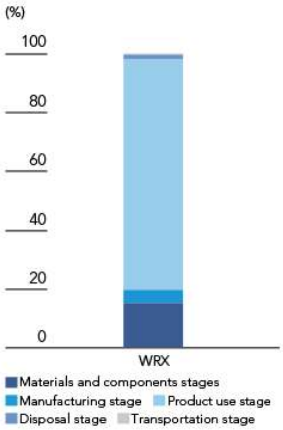
Crosstrek

The ratio of CO_2 emissions at each stage of the LCA for the new Crosstrek announced in December 2022 is shown below.



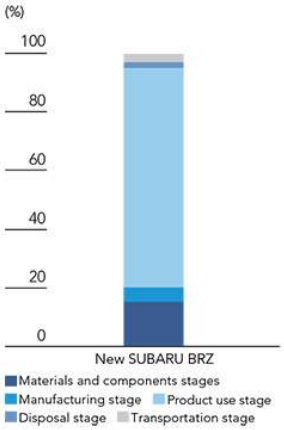
WRX S4

The ratio of CO_2 emissions at each stage of the LCA for the new WRX S4 announced in November 2021 is shown below.



SUBARU BRZ

The ratio of CO_2 emissions at each stage of the LCA for the new SUBARU BRZ announced in July 2021 is shown below.
The displacement class is different from the predecessor model, so only data for the new model is presented.



Design for Recycling

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

Utilizing Recycled Resins

To contribute to realizing a resource-recycling society and a decarbonized society, SUBARU is working to develop technologies to utilize recycled resins and biomass materials in place of the resins currently used in automobiles.
SUBARU recycles and uses scrap materials generated in supplier processes for the undercarriage covers of the new 2023 Crosstrek and Impreza.

Undercarriage cover

Subaru of America, Inc. helped develop and launch environmentally friendly accessories in the form of floor mats made from used recycled materials for the 2021 Crossstrek Sport®. The surface and lining of these floor mats are made from 100% post-consumer recycled (PCR) materials, such as marine waste. In addition, the company has introduced and utilizes a new supplier assessment system using ISO 14001.

Floor mats made from recycled materials

Reducing Environmentally Hazardous Substances

SUBARU is also collaborating with suppliers in reducing the use of environmentally hazardous substances in automobiles. We continuously achieve the environmentally hazardous substance reduction targets for lead, mercury, hexavalent chromium, and cadmium set by Japan Automobile Manufacturers Association, Inc. (JAMA) for all new models released in and after 2008. Furthermore, in order to ensure compliance with the REACH regulation, ELV Directive, Chemical Substance Control Law, and other regulations enforced across the world, we are further reducing the use of lead and replacing phthalic acid-based plasticizer and chlorinated flame retardant and other hazardous chemical substances with alternatives.

Cleaner Exhaust Gas

To achieve and maintain clean air across the globe, SUBARU is developing technologies for cleaner exhaust gas, targeting not only conventional air pollutants such as hydrocarbon compounds and nitrogen oxides but also particulate matter, which is feared to have serious impacts on human health. At the product level, we are expanding our range of models that meet the latest regulations by country, while addressing emerging regulations at the development level.

Japan: 2018 low emissions standards

U.S.: State of California's SULEV standards

Europe: Euro 6 emission standards (final stage)

China: China 6 emission standards

We will develop and propose reasonable products for customers based on the results of research conducted to identify the optimal specifications in each country, including research on the components of exhaust gas that will be regulated in the future. To this end, we are designing materials on an atomic level to improve the performance of the catalyst, which plays a major role in producing cleaner exhaust gas, while also reducing the use of precious metals.

Reducing VOCs*4 in Vehicle Interiors

SUBARU is reviewing the components and adhesive agents used in vehicle interiors in order to reduce the generation of volatile organic compounds (VOCs) in this area.
For the LEGACY, LEVOG, IMPREZA, FORESTER, and SUBARU BRZ, we have reduced concentrations of 13 substances defined by the Ministry of Health, Labor, and Welfare to levels below the indoor concentration guideline values (as revised in January 2019) and have achieved the voluntary targets of the JAMA*5. We will continue our efforts to reduce the levels of VOCs to make the in-vehicle environment even more comfortable.

*4 Organic compounds that easily volatilize at room temperature, such as formaldehyde and toluene, which are said to cause nose and throat irritation.

*5 Voluntary target set by JAMA in its "Voluntary Approach in Reducing Cabin VOC Concentration Levels," which was announced with the intention of reducing the in-vehicle concentrations of the 13 substances designated by the Ministry of Health, Labour and Welfare to levels equivalent to or lower than the values set in the guidelines, for new models produced and sold in Japan in and after FYE March 2008. We will satisfy the revised indoor concentration guideline values by the Ministry of Health, Labour and Welfare for all new vehicles launched on or after 2022.

› JAMA's "Voluntary Approach in Reducing Cabin VOC Concentration Levels" (Japanese version only)

Climate Change

Our Approach

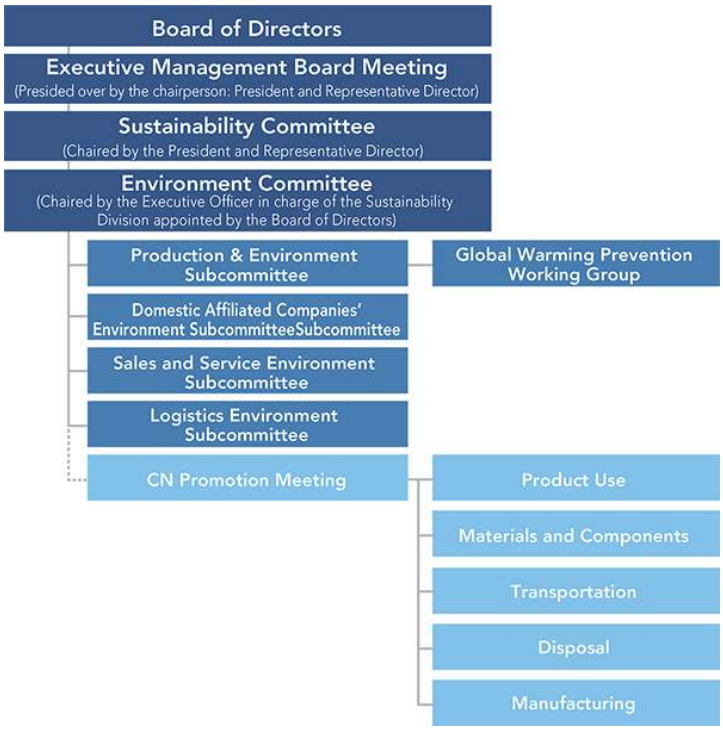
SUBARU recognizes that climate change is one of the most pressing global issues. Toward its target of achieving carbon neutrality by 2050, SUBARU will reduce CO_2 emissions from its products, factories, and offices to help decarbonize society. Accordingly, it has set long-term goals, and is working to achieve them with medium-term goals as intermediate milestones.

Management System

SUBARU has established the Environment Committee for the purpose of promoting the sustainable growth of both society and the Company, and thereby contributing to global environment conservation. The committee discusses targets and measures from broad as well as medium- to long-term perspectives that accommodate environmental standards required by future societies, and evaluates the progress of related implementations and achievements.
The Environment Committee is chaired by the Executive Officer in charge of the Sustainability Division appointed by the Board of Directors. Details of discussions by the Environment Committee are reported to the Sustainability Committee. We also have a system for escalation and reporting to the Executive Management Board Meeting and Board of Directors to be used as necessary. Management of climate change-related activities is included in the responsibilities of the environmental management structure. Environmental risks and opportunities associated with climate change are assessed and monitored, and undergo management review. Then, particularly critical proposals are deliberated and decided at the Board of Directors. Each of the five bodies within the structure—Production & Environment Subcommittee, Global Warming Prevention Working Group, Domestic Affiliated Companies' Environment Subcommittee, Sales and Service Environment Subcommittee, and Logistics Environment Subcommittee—meet twice a year for the purpose of monitoring.

In addition, in order to contribute to the realization of a decarbonized society through the reduction of CO_2 emissions throughout the life cycle of our business activities, SUBARU holds monthly CN Promotion Meetings, bringing together departments representing the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing." In these CN Promotion Meetings, members from each area worked together and shared information, formulated a master plan from a medium- to long-term perspective, and took actions to visualize and mitigate emissions in each area in the interest of achieving carbon neutrality by 2050. SUBARU operates cross-company forums whose aim is CO_2 reduction over the entire life cycle and whose activities are subject to the overall supervision of the Environment Committee as part of carbon neutrality initiatives.

Governance Structure for Climate Change



Risks and Opportunities Identified

SUBARU defines and identifies risks and opportunities associated with climate change to achieve sustainable business activities.
We have identified a number of risks associated with climate change. Initiatives to address climate change may be inadequate or abnormal weather may cause delays in procurement, production, and distribution. In addition, transition risks and physical risks may have impacts and outcomes that are currently extremely difficult to predict. Increased R&D expenses, lost sales opportunities due to reduced customer satisfaction and brand image, and delays in procurement, production, and distribution due to abnormal weather are among the potential impacts of these risks. These risks could have a material impact on the operating results and financial position of the SUBARU Group.
On the other hand, effective initiatives to address climate change could lead to opportunities to create new markets and employment and also use capital and energy more efficiently.

Main Risks Identified

Business Management in General

Reputational risk
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.

Regulatory risk
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.

Acute physical risk
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.

Products

Regulatory risk

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.

Market risk

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 SUBARU views electrification as a steady medium- to long-term trend, and also anticipates the possibility of its swift and sweeping penetration of the market at some stage. SUBARU could be unprepared for such prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.

Technology risk

④ 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.

Chronic physical risk

⑤ There is a possibility that SUBARU might suffer from shortages of natural resources used for tires and metal resources, such as materials for automotive batteries used in electrification technologies.

Production Phase

Regulatory risk

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.

Technology risk

② If use of renewable energy does not grow as expected, SUBARU could face slower progress in achieving its Scope 1 and 2 emissions reduction goals.

Main Opportunities Identified

Market opportunity

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 while at the same time potentially expanding in markets receptive to its offer of "Enjoyment and Peace of Mind."

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.

Energy-related opportunity

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.

Note: The risks and opportunities described above are based on past facts and currently available information, and may change significantly due to such factors as future economic trends and the business environment facing SUBARU. The opportunities described represent those for SUBARU's products to contribute to climate change adaptation and do not anticipate climate change-related deterioration.

Strategy

SUBARU explores potential measures in consideration of various climate change scenarios, as well as of the risks and opportunities identified for sustainable business activities.
As an example measure, SUBARU has developed an electrification strategy that considers multiple scenarios, including one in which the percentage of EVs sold in the market increases significantly, as well as one in which the market penetration of EVs increases modestly.
We are also advancing BCP*1 measures against flooding during torrential rainfall as a means of adapting to climate change. This action is in consideration of the risk of increasingly severe natural disasters due to a lack of progress in addressing climate change.

*1 BCP: Business continuity plan

Examples of scenarios and their risks/measures

Scenario	Example scenario risks of particular importance		Measures
Penetration of BEVs	Products	Risk of limited sales opportunities due to products not meeting certain fuel efficiency standards	・Building a production system that can dynamically adapt the production ratio between BEVs, hybrids, and ICE vehicles, keeping a close eye on environmental regulations and market trends. ・Establishing an eight-model BEV lineup by the end of 2028 with 400,000 BEVs sold in the U.S.
		Risk of market need diverging from electrification technology	
Increasing severity of natural disasters	Business management	Risk of operations being affected by disrupted supply of raw materials and submerged factories as a result of frequent flooding in various locations from extreme torrential rain	Taking measures against flooding by installing rainwater collection tanks and strengthening drainage capacity.

› Environmentally Friendly Automobiles
› Risk Management: BCP

Risk Management

The automotive industry is ushering in a major transformation, which only occurs once in a hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social, and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.
To address climate change-related transition risks in policy and regulation, technology, markets, and other items, dedicated departments at SUBARU gather information from a wide range of sources and work to identify uncertain climate change-related risks from future projections. These transition risks are proposed and discussed during the Executive Meeting, and particularly significant matters are subject to deliberation within the Board of Directors before decisions are made.
The physical risks associated with climate change include flooding and other natural disasters. The Risk Management and Compliance Office plays a pivotal role in establishing regulations in response to these operational risks as part of the BCP*1 system. During emergencies, the office centrally grasps Group-wide information, establishing a system to manage company-wide response.

*1 BCP: Business continuity plan

› Risk Management

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

In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term vision) for 2050 and medium-term goals (milestones) regarding products (Scope 3) and plants and offices (Scope 1 and 2). These medium-term goals are reviewed as necessary according to the business environment, which is experiencing rapid, disruptive changes. In 2023, for our medium-term goal for plants and offices (Scope 1 and 2), we have raised the goal of reducing CO_2 emissions by 60% in FYE March 2036 versus FYE March 2017. We have also raised our medium-term goal for products (Scope 3) to aiming for 50% of Subaru's total global sales to be BEVs in 2030.
SUBARU is investigating compliance with relevant policies including the fuel efficiency regulations of the countries it serves. We formulate our own scenarios and plans for achieving our medium- to long-term goals based on policy trends and scenario-specific information published by the International Energy Agency and others.

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
	2030	Aim for 50% of global sales to be BEVs
Plants and offices (Scope 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2036	Reduce CO_2 emissions by 60% compared with FYE March 2017 (total volume basis)

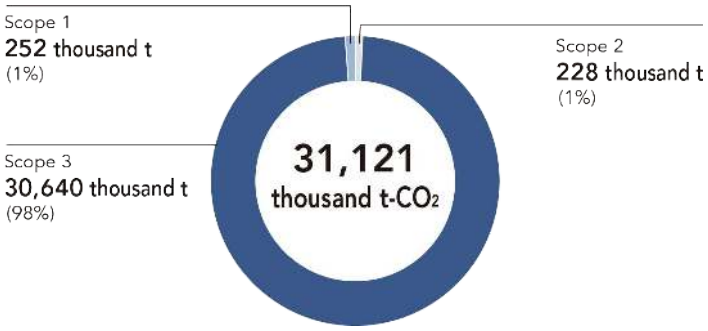
Achievements

For FYE March 2023, SUBARU Group has reported a total of 31,121 thousand t-CO_2 of supply chain greenhouse gas emissions (Scope 1, 2, and 3). Out of the total amount, 98% is related to Scope 3, the majority of which stems from the use of sold products. Although our direct CO_2 emissions (Scope 1 and 2) constitute only a marginal portion of the total, we are making proactive efforts to diminish direct emissions, which we believe will encourage the entire SUBARU value chain to work as a team and in greater earnest.
In FYE March 2023, Scope 1 and 2 emissions increased by 20 thousand tons and energy consumption by 419 TJ compared to the previous fiscal year due to production activities returning to normal. However, thanks to factors such as introducing solar power generation facilities at the Yajima Plant, we were able to maintain a 6.1% level of renewable energy introduction, on par with the previous fiscal year. In addition, unit CO_2 emissions improved by 24% year on year due to greater energy efficiency. We will continue our efforts to reduce CO_2 emissions and energy consumption by introducing energy-saving equipment and renewable energy, as well as taking other reduction measures to achieve our new reduction target for 2035.

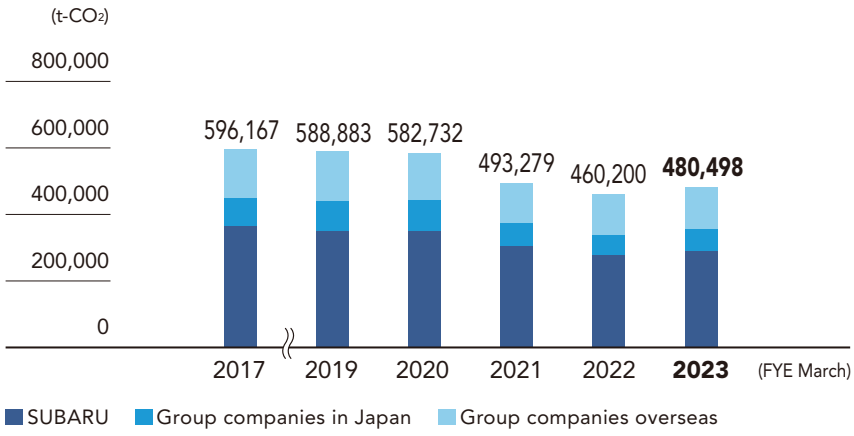
Scope 1: Direct emissions of greenhouse gases from a company's own facilities.

Scope 2: Indirect emissions of greenhouse gases from the use of purchased or acquired electricity, heat, and/or steam supplied by another company.

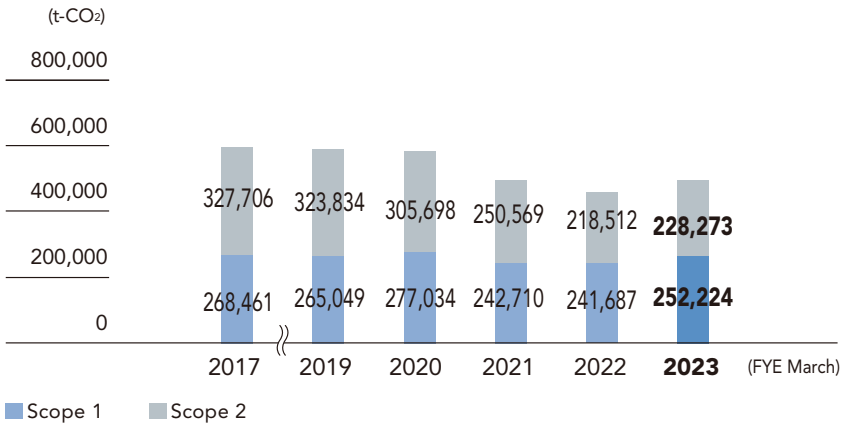
Scope 3: All indirect emissions other than Scope 1 and 2 emissions, including those arising from the procurement of raw materials, transport, product use, and the disposal process, as well as arising from employee commuting, business travel, etc.



CO_2 Emissions by Organization



CO_2 Emissions by Scope



Scope:

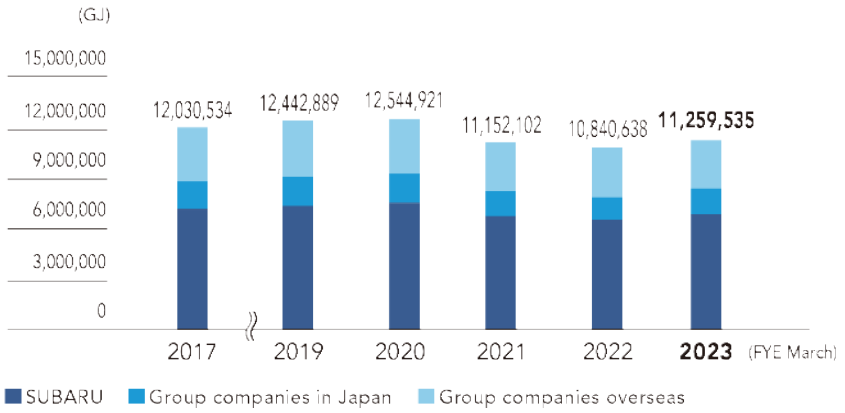
SUBARU: SUBARU CORPORATION

Group companies in Japan: 52 domestic consolidated subsidiaries (including 33 SUBARU domestic dealerships that are consolidated subsidiaries)

Group companies overseas: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

SUBARU calculates CO_2 emissions based on the Act on Promotion of Global Warming Countermeasures. However, emission factors for electricity at Group companies overseas are based on the most recent country-specific CO_2 emission intensities for all power sources published annually by the International Energy Agency (IEA).
Consolidation of data from the Group's domestic companies into the scope of subsidiaries with 99% certainty of Scope 1 and Scope 2 emissions (percentage based on number of employees).
Due to errors in the electricity consumption of some Group companies in Japan, results for previousfiscal years have been revised.

Energy use



Scope:

SUBARU: SUBARU CORPORATION

Group companies in Japan: 52 domestic consolidated subsidiaries (including 33 SUBARU domestic dealerships that are consolidated subsidiaries)

Group companies overseas: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

SUBARU calculates energy consumption (GJ) based on the Act on the Rational Use of Energy.
Due to errors in the electricity consumption of some Group companies in Japan, results for past fiscal years have been revised.

CO_2 Emissions (Scope 3)

Category		Greenhouse Gas Emissions (t-CO_2)				
		FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023
1	Purchased goods and services	1,703,682	1,992,046	1,583,247	1,430,501	1,726,493
2	Capital goods	372,211	413,287	282,713	260,566	402,915
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	102,022	103,772	91,851	89,627	95,352
4	Transport and delivery (upstream)	658,268	737,817	601,167	506,604	426,929
5	Waste generated in operations	31,984	32,095	26,446	24,888	28,733
6	Business travel	4,446	4,554	4,689	4,798	4,878
7	Employee commuting	13,506	13,835	14,245	14,576	14,818
8	Leased assets (upstream)	N/A	N/A	N/A	N/A	N/A
9	Transportation, distribution, and sales (downstream)	13,283	6,049	3,893	4,750	4,043
10	Processing of sold products	N/A	N/A	N/A	N/A	N/A
11	Use of sold products	33,298,769	34,029,045	27,455,302	23,102,609	27,453,385
12	End-of-life treatment of sold products	556,139	575,107	484,440	413,368	480,917
13	Leased assets (downstream)	2,394	2,463	1,998	2,065	1,984
14	Franchises	N/A	N/A	N/A	N/A	N/A
15	Investments	N/A	N/A	N/A	N/A	N/A

Source: The calculation method for SUBARU Scope 3 emissions has been revised in reference to the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.3 (December 2017) by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; the Emissions Unit Value Database Ver. 3.0 by the Ministry of the Environment Database of emissions unit values; and SUBARU's life-cycle assessment (LCA) calculation standards.
In Category 11 (Use of sold products), emissions were previously calculated on a tank-to-wheel basis, but starting in FYE March 2023, emissions have been calculated on a well-to-wheel basis, and emissions during BEV use are also included in calculations. Revisions have been made to reflect this in data from previous fiscal years.
In addition, for Category 3 (Fuel- and energy-related activities not included in Scope 1 or Scope 2), due to errors in the electricity consumption of some Group companies in Jaoan, results for previous fiscal years have been revised.

Initiatives

SUBARU is reducing its CO_2 emissions by using renewable energy and upgrading to highly efficient machinery and equipment with the aim of achieving carbon neutrality by 2050. Renewable energy in FYE March 2023 accounted for 6.1% of the energy consumption of the entire SUBARU Group and 18.6% of its total electricity consumption. All of the electricity purchased at the Gunma Main Plant, Utsunomiya South Plant and 2nd South Plant, the Ebisu Subaru Building, and the Subaru Training Center is carbon-neutral electric power.
In addition, Subaru Kohsan Co., Ltd. sells solar generated from solar power generation facilities in Gunma and Shiga prefectures.

CO_2 reduction impact of various measures in FYE March 2023

Measure	CO_2 reduction impact (t-CO_2)
Generation of renewable energy (solar power generation)	4,529
Purchase of carbon-neutral electricity	47,197
Introduction of high-efficiency air-conditioning systems	2,000
Replacement of cogeneration facilities	3,712
Energy conservation through information and communications technology (ICT)/IoT	500
Use of Green Power and Green Heat Certificates	3,962
Total	61,900

Gunma Plant:

Purchase of Carbon-Neutral Electricity (Gunma Main Plant, Oizumi Plant)

The Gunma Main Plant had been purchasing a portion of its electricity through the Aqua Premium rate plan specifically for sales of hydropower, but switched to the Power supply Gunma Hydropower Plan in November 2020. All of its electricity is now derived from hydropower, which reduced CO_2 emissions by approximately 26,500 tons in FYE March 2023.
We also reduced CO_2 emissions by 4,907 tons by using non-fossil fuel energy certificates for 10,762 MWh of electricity at the Oizumi Plant of Gunma Manufacturing Co., Ltd. purchased in FYE March 2023, comprising 7.6% of purchased electricity.

Introduction of High-efficiency Air-conditioning Systems (Gunma Yajima Plant)

We replaced the aging cooling water supply system of the 3rd Paint Plant. In April 2022, the plant, which had previously used an absorption chiller with city gas as the heat source, introduced a centrifugal chiller with an electrically operated heat pump. In July, the plant began operation of a gas-fired absorption chiller with warm water from the cogeneration facility as the heat source. These cooling water supply system upgrades have eliminated our use of city gas.
In 2018, the 5th Paint Plant also introduced a high-efficiency heat source system, centered on heat pumps for cold and hot water supply to reduce CO_2 emissions. SUBARU plans to roll out this system to the Oizumi New Plant, which is scheduled for future operation.

Replacement of Cogeneration Facilities

At the Gunma Plant, we operate cogeneration facilities at the Main Plant, Oizumi Plant, and Yajima Plant to promote efficient energy use.
In FYE March 2023, the aging facilities at the Oizumi Plant were updated after 15 years of operation, and the new facilities began operation in June 2022. For the replacement, we selected equipment with specifications that make a greater contribution to energy savings in light of the most recent energy consumption profile. Compared to the previous facilities, the new facilities offer annual emissions reduction of 3,712 t-CO_2, according to their specifications.

Introduction of solar power generation

We have introduced solar power generation facilities at the Gunma Main Plant and Oizumi Plant. These facilities achieved a CO_2 emissions reduction of approximately 3,142 t-CO_2 in FYE March 2023. Solar power generation equipment will be incorporated into new building rooftops from the specification stage, and we are considering expanding this to existing buildings and parking lots over time.
In addition, since June 2022, solar power generation facilities with a total output of 1,430 kW have been in operation at the Yajima Plant, including at the multistoryparking garage and No. 5 final vehicle inspection wing, resulting in a reduction in CO_2 emissions of 748 t-CO_2.

Aerospace Company (Utsunomiya Plant and Handa Plant)

Purchase of carbon-neutral electricity (Tochigi Furusato Denki Program for local production and consumption)

In FYE March 2019, SUBARU's Aerospace Company adopted the Tochigi Furusato Denki program[*1] to provide electricity to its Utsunomiya South and 2nd South Plants. The program offers electricity from hydropower generation projects owned by Tochigi Prefecture, and represents Japan's first-ever power supply program themed on the "local production for local

consumption" concept.
The above program enables the two plants to reduce emissions by an average of 4,000-plus t-CO_2 per year. This program also includes a scheme to spend part of the funds from bill payment, including from SUBARU, on environmental conservation projects promoted in Tochigi Prefecture.

*1 Electricity service program co-hosted by the Tochigi Public Enterprise Bureau and TEPCO Energy Partner, Inc. Supplies electricity generated by eight hydroelectric power stations run by the Tochigi prefectural government. Hydropower users can claim to be emitting no CO_2 from using the electricity, on the grounds of its CO_2-free generation process.

Replacement of Cogeneration Facilities

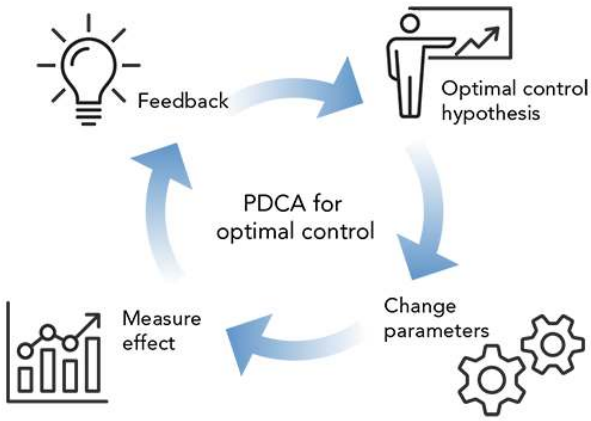
In addition to reducing CO_2 emissions, since March 2021 the cogeneration system has enhanced community and employee safety with its blackout start function that can initiate power generation if the power grid goes down for an extended period.

IoT Enables Stable Supply of Factory Air and Improved Energy Efficiency

SUBARU is moving forward with DX driven by ICT and the IoT beginning the systemization of air factory analysis, data analysis, and the introduction of countermeasures in November 2019. We have implemented three measures: investigating and repairing air leaks, restricting air supply, and improving operating efficiency. We expect energy savings to reduce CO_2 emissions by 500 tons per year.

Air leak investigation

Improve Compressor Operating Efficiency



Tokyo Office

The Tokyo Office is in Mitaka City, Tokyo. It is subject to the Tokyo Cap-and-Trade Program for large facilities as per the Tokyo Metropolitan Environmental Security Ordinance. The Tokyo Office is therefore reducing CO_2 emissions with two priority initiatives: promoting energy conservation by improving facilities and by proactively adopting energy-saving equipment.
We are also working to utilize renewable energy, and have installed rooftop solar power generation equipment (total rated output of 1,150 kW) at our facilities. In FYE March 2023, the facilities generated 93 MWh of electricity for use in-house, achieving a CO_2 emissions reduction of 42 t-CO_2. We purchased Green Power Certificates equivalent to 8,535 MWh of electric power, or CO_2 emissions of 3,780 t-CO_2, during the fiscal year.
In addition, a new office building was completed in October 2022. We have achieved annual CO_2 emissions reduction of 20 to 25 t-CO_2 by installing solar power generation systems and optimizing specifications for glass on the east and west sides of the building,

Tokyo Office

fixtures, insulation, and other areas, creating thermal barriers and strong thermal insulation. In addition, creating cold mix asphalt during construction has contributed to a 38.5 t-CO_2 reduction in CO_2 emissions.

Offices

Head Office (Ebisu Subaru Building) and Subaru Training Center

Since FYE March 2022, we have switched to contract options with zero electricity emission coefficients, and we make use of the Green Heat Certificate system. In FYE March 2023, we achieved net-zero emissions for the office, carbon-neutralizing emissions equivalent to 883 t-CO_2. In addition, from April 2023, all electricity used in the entire Ebisu Subaru Building has been switched to sources with zero CO_2 emissions.

SUBARU Accessory Center

In FYE March 2023, the use of 1,046 MWh of electric power generated by solar power facilities installed in March 2020 resulted in a yearly CO_2 emissions reduction of 477 t-CO_2.

SUBARU Research and Experiment Center

The SUBARU Research and Experiment Center installed solar power generation equipment in FYE March 2018, and generated 78 MWh in FYE March 2023, resulting in a yearly CO_2 emissions reduction of 36 t-CO_2.

SUBARU Research and Experiment Center

Group companies in Japan

Fuji Machinery Co., Ltd.

The Oizumi Plant of Fuji Machinery Co., Ltd. installed solar power generation equipment in FYE March 2018. In FYE March 2023, this equipment generated 35 MWh, resulting in a yearly CO_2 emissions reduction of 16 t-CO_2.

Fuji Machinery Co., Ltd. Oizumi Plant

Ichitan Co., Ltd.

Ichitan Co., Ltd. has been reducing annual CO_2 emissions by approximately 3,700 t-CO_2 by purchasing carbon-free electricity.

Subaru Kohsan Co., Ltd.

Subaru Kohsan Co., Ltd. entered the business of marketing electricity from solar power generation operations. It sells electricity generated from solar power equipment with a rated output of 420 kW installed in Kiryu, Gunma Prefecture, and, as of March 2021, equipment with a rated output of 1,470 kW installed in Konan, Shiga Prefecture. The company has also promoted the use of renewable energy by installing solar power generation facilities at its Ota S Building and the new wing of its Higashi-Nagaoka company dormitory.
Subaru Kohsan Co., Ltd. has been certified as an excellent operator with respect to energy conservation (Class S) for four consecutive years since FYE March 2020 in accordance with the Act on the Rational Use of Energy. This evaluation is given to excellent operators that have met the five-year average per-unit emission reduction target of 1% or more in electricity and gas consumption.

Group companies overseas

Subaru of Indiana Automotive, Inc.

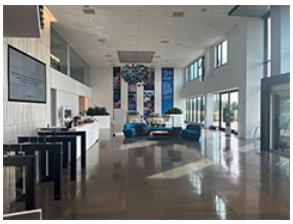
Subaru of Indiana Automotive, Inc.'s Technical Training Center has solar power generation equipment on its roof and LED lighting with motion sensors for all indoor lighting. In 2022, the company reduced electricity usage by replacing drive units, HVAC units, and lighting fixtures with more energy efficient alternatives.

Subaru of America, Inc.

Subaru of America, Inc.'s new headquarters and National Service Training Center have acquired silver LEED certification,*2 which is higher than standard certification. By installing automated equipment at its headquarters building and National Service Training Center in 2021, the company established comprehensive air-conditioning systems with more efficient energy utilization.
The headquarters building is notable for its use of 100% green and wind power-derived electricity, the installation of charging facilities ahead of the 2022 launch of SUBARU's first global BEV, theSolterra, and the use of efficient air conditioning systems and LED lighting. In April 2021, the company installed daylight harvesting technology in its headquarters foyer which achieves the appropriate level of brightness for the space by balancing natural light with just the required level of electric lighting, reducing energy consumption and CO_2 emissions.

*2 Leadership in Energy and Environmental Design (LEED) certification is a green building certification system developed and operated by the U.S. Green Building Council (USGBC). It provides objective environmental performance data on buildings through evaluation of energy conservation and environmental impact reduction abilities for a range of project stages from overall planning and design to construction, management, and maintenance. Acquisition of the certification is becoming popular in the U.S. and in other countries.

Subaru of America, Inc.'s new headquarters and training center



Subaru of America, Inc.'s new headquarters foyer, which harnesses sunlight with new daylight harvesting technology

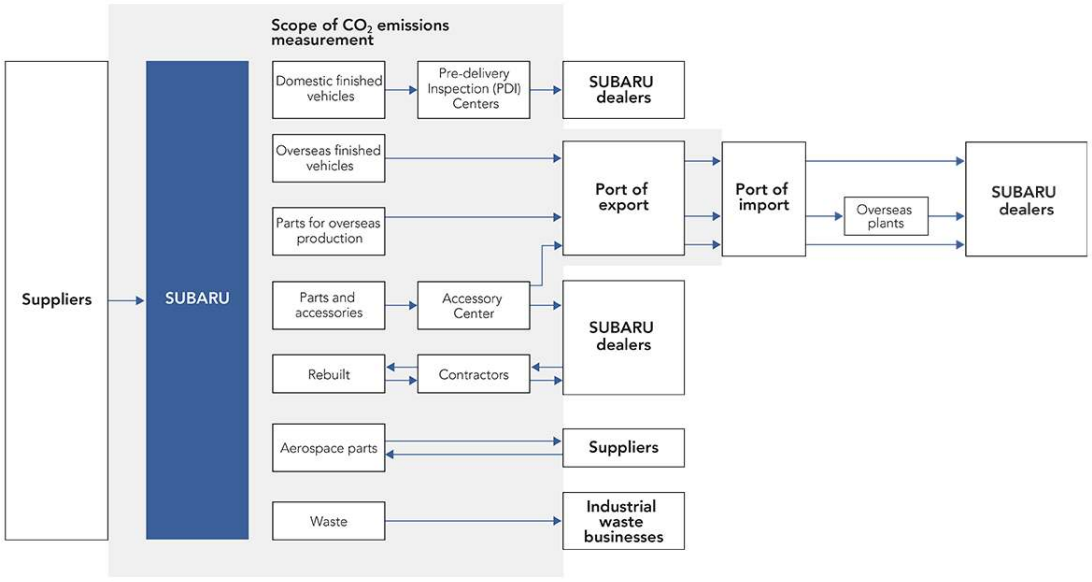
Subaru Canada, Inc.

The building that houses the relocated office of Scott Subaru, a retailer of Subaru Canada, Inc., from 2019 boasts a distinctive, highly energy-efficient design that enables comfort without an air-conditioning system. In recognition of this, the building is the world's first retail facility to obtain a passive house certification.

Logistics

SUBARU is collaborating across the entire Group, including with logistics companies, dealerships, as well as with other automotive industry players to reduce CO_2 emissions in logistics operations by an annual 1% through increased transport efficiency for finished vehicles and export parts.
In addition to the CO_2 emissions from domestic logistics and the export of finished vehicles, in FYE March 2023 we identified CO_2 emissions from the export of parts and parts supplies for overseas production. We will work to expand the scope of CO_2 emissions identification, manage emissions in logistics processes, and further enhance supply chain management, which will contribute to carbon neutrality by 2050.

SUBARU's logistics system



Transport of Finished Vehicles

SUBARU is establishing optimal standard routes for finished vehicles, flexibly accommodating shipping of a wide range of vehicle types and sizes (particularly large cars), improving loading efficiency, and promoting modal shift.*3 We also request that our logistics partners minimize the environmental impact of their transport operations, taking actions such as practicing eco-conscious driving by installing digital tachographs*4 and dash cams, as well as improving fuel efficiency by fitting aerodynamic panels and other devices.

As a result of expanded efforts for consolidated and standardized transportation routes, per unit CO_2 emissions from transportation of SUBARU vehicles in FYE March 2023 declined 22.6% from the FYE March 2007 level, against the target of a 15% reduction from the base year. We will continue with our efforts to pursue further reductions.

*3 For cargo transportation, switching transportation modes from trucks to those imposing less environmental burden, such as railway and seaborne systems.

*4 Fitted to a vehicle to automatically record its journey information, including driving time and speed, and store the information in the installed recording medium, such as a memory card. The device is employed broadly by industries involving the commercial operation of vehicles as a tool for driving management. As the system can present clear data of recorded events, including sudden acceleration and deceleration, fuel-wasting engine idling, and dangerous driving, it is expected to help drivers increase their awareness of safe driving and fuel economy.

Export Parts

In the transport of parts for overseas SUBARU vehicle production, we are making efforts to improve the container fill rate through measures such as utilizing unused upper space in high cube containers, improving packing modes, and employing lighter-weight packaging materials. As a result, we achieved a fill rate of 98% in FYE March 2023.

In 2017, we began using the container round use system*5, which increases the efficiency of container transport. This enabled us to reduce emissions by 180 t-CO_2 year on year in FYE March 2023. The use of inland container depots*6 has reduced emissions by 15 t-CO_2 year on year in FYE March 2023. In the second half of 2020, we launched an initiative in the Gunma region to make active reuse of export containers previously used by another company, which achieved a year-on-year reduction of approximately 7 t-CO_2 in FYE March 2023. We will continue to implement initiatives to reduce CO_2 emissions.

*5 Using import containers for export instead of returning them empty to port, thereby reducing the transport of empty containers from ports.

*6 Depot located inland for consolidation of container cargo.

(FYE March)

	2019	2020	2021	2022	2023
Container fill rate	79%	94%	85%	92%	98%

Parts and Accessories

- Joint distribution initiative with Toyota Mobility Parts Co., Ltd.
  To resolve complexities and inefficiencies in parts of our transport system, we began joint distribution of maintenance parts with Toyota Mobility Parts Co., Ltd. in FYE March 2021. As of the end of FYE March 2023, we had started joint distribution to eight dealers (14 locations and sales partners in various regions). We aim to work toward joint distribution in other regions going forward.
  By switching to joint distribution, we have in the case of some dealers achieved a reduction of lead time by one day and a cut in transport costs of approximately 25%.
- Switch to forklift trucks with electric drive option
  The Accessory Center in Gunma is making a phased switch from liquefied petroleum gas (LPG)-operated forklift trucks to models that can be operated electrically. We will also equip the electric forklift trucks to make them available for use as storage batteries in the event of a disaster or power outage so that they can be used in times of emergency for instance to maintain telecommunications functions.

Subaru of America, Inc.

The company is promoting the use of rail to reduce CO_2 emissions in the distribution process. We are also working to reduce emissions from marine transportation to dealers in Alaska through the use of LNG. These efforts have resulted in a 25% reduction in CO_2, a 95% reduction in NOx, and a 99% reduction in SOx.

Sales

When updating aging facilities, dealers in Japan are gradually switching to LED lighting and high-efficiency air conditioners. In addition to Tokyo Subaru Inc., Kanagawa Subaru Co. Ltd., and Chiba Subaru Inc., which had been purchasing carbon-neutral electricity until FYE March 2022, three SUBARU Group companies in the Tokai region (Nagoya Subaru Motors, Inc., Gifu Subaru Motors Inc., and Mie Subaru Motors Inc.) have also started purchases as of November 30, 2022. In FYE March 2023, switching purchased electricity resulted in reductions of 5,791 t-CO_2.
We will continue to pivot to decoupling energy consumption and CO_2 emissions with initiatives to create environmentally responsible dealers that care about people.

Carbon Pricing

Emissions Trading Systems

As businesses operating in the jurisdictions of the Tokyo metropolitan and Saitama prefectural governments, our Tokyo Office, Kitamoto Plant, and Stellar Town Omiya are covered by the Tokyo Metropolitan Environmental Security Ordinance, which promotes greenhouse gas reduction and emissions trading for large businesses, and the Saitama Prefecture regulation on target-based emissions trading. Our business sites are responding through compliance with the relevant emissions trading systems.

Internal Carbon Pricing

SUBARU introduced internal carbon pricing in FYE March 2023. In the internal consultative plan on capital expenditures at business sites, the monetary value of the CO_2 reduction accompanying the introduction of the relevant facilities is set at 6,000 yen/ton. By accounting for CO_2 reduction impact in terms of its cost reduction impact, we ensure its inclusion as a factor in assessing capital expenditures. The introduction of internal carbon pricing, which comes under the category of shadow pricing, is intended not only to raise awareness of CO_2 reduction among facility managers but also to promote investment in facilities with a high CO_2 reduction impact.

External Partnerships

SUBARU is tackling the climate change challenge through partnerships with suppliers, customers, and industry groups.

Alliance with Toyota Motor Corporation

SUBARU and Toyota Motor Corporation ("Toyota") have agreed to jointly develop EV platforms and vehicles applying SUBARU's AWD technologies and Toyota's electrification technologies. This agreement is designed to enable the two automakers to multiply their technical strengths with the goal of creating attractive EV products. As a dedicated BEV platform, they have jointly developed the e-SUBARU Global Platform.

Business Partners

We have set out a code of conduct that requires supplier selection and management mechanisms relating to climate change issues, and share the code with our suppliers, asking them to take appropriate actions when providing orientation sessions. By encouraging business partners to obtain ISO 14001 certification, we are working to prevent environmental accidents and mismanagement events in the supply chain and reduce the risk of infringement of environmental laws and regulations.
As a new initiative, in FYE March 2023 we also conducted on-demand briefings targeting 320 business partners with the aim of realizing decarbonization in the supply chain. During these briefings, we shared SUBARU's CO_2 emissions reduction targets with the business partners. Furthermore, we received CO_2 emissions reports from 287 business partners (representing 90% of the total and 99% in terms of transaction value), allowing us to visualize the CO_2 emissions for each of our business partners. We also conducted a trial calculation of CO_2 emissions at the component level for selected business partners.

Industry Groups

SUBARU is a member of the climate change committee of Japan Automobile Manufacturers Association, Inc. (JAMA). Also, the President and Executive Vice Presidents are JAMA directors responsible for the body's executive decision making, and decisions made by JAMA are reflected in SUBARU's mid-term management vision.

Declaration of Support for the TCFD Recommendations

SUBARU recognizes that climate change is one of the most pressing global issues, and has been working to disclose information on climate change. Most recently in this area, it has declared support for the recommendations of theTask Force on Climate-related Financial Disclosures (TCFD). For more information on SUBARU's disclosure of the TCFD's recommended items, please see our TCFD Content Index

Resource Recycling

Our Approach

The SUBARU Group considers it very important for manufacturing companies to help realize a society where materials are recycled continuously and the sustainability of business is assured through recycling to maximize resource efficiency.
The SUBARU Group will help create a society that recycles with the goals of efficient resource recycling throughout the product life cycle, maintaining zero landfill at production bases in Japan and abroad, and taking the 3Rs—reduce, reuse, and recycle—to the next level.
SUBARU is also incorporating recyclability into its automobile design process to make effective use of limited resources throughout the automotive life cycle from raw material procurement to disposal.

› Environmentally Friendly Automobiles

Achievements and Initiatives

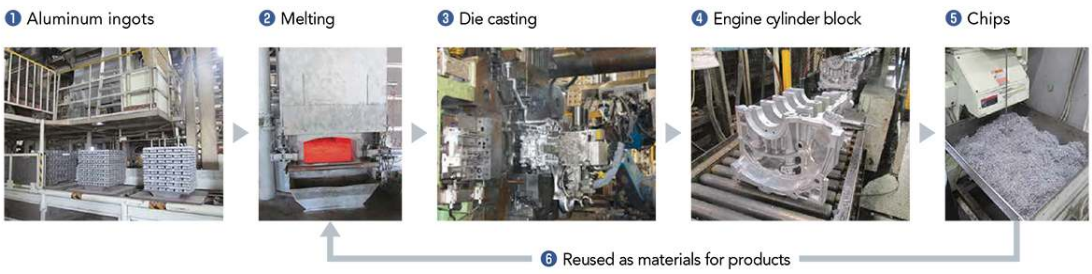
Raw Materials

SUBARU reuses remnant materials and scrap generated during the production of automobiles as well as end-of-life products that have been collected and other reusables as resources for materials, such as iron, aluminum, and plastics, which account for a large proportion of materials used in making an automobile. Through these efforts, we are promoting closed-loop recycling*1 to reduce natural resource consumption and waste generation.

*1 A method by which waste and scrap generated during production along with end-of-life products are recycled as materials for parts of the same quality and then reused to make products of the same kind.

Raw Materials Used in Automobiles in FYE March 2023		Recycling Method
Iron	564,051 tons	Delivered to dealers in the form of iron scrap for reuse
Aluminum	26,822 tons	Re-melted at plants and reused almost entirely
Plastics	23,195 tons	Crushed again at plants and reused partially

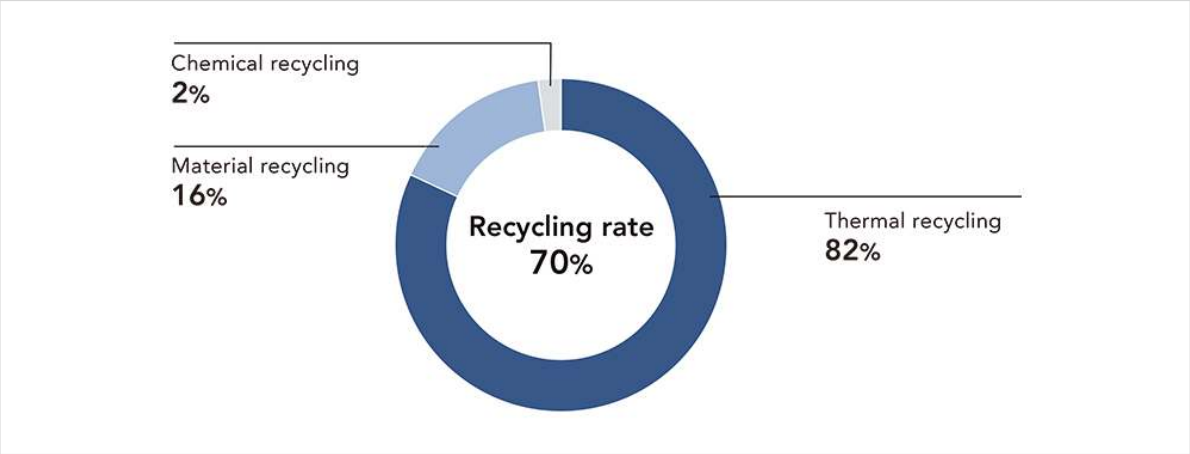
Recycling of aluminum chips



Initiatives and Results for Cyclical Use of Waste Plastic

In FYE March 2023, waste plastic accounted for 2.4% of the SUBARU Group's waste generation. Although the amount of waste plastic generated is a small percentage of total waste generated, SUBARU will work to improve the waste plastic recycling rate and actively pursue circular use of waste plastic, including considering a switch from thermal to material and chemical recycling methods.

FYE March 2023 SUBARU waste plastic recycling rate and recycling treatment breakdown



Scope of aggregation

SUBARU☒ Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant, Ebisu Subaru Building, Accessory Center, Subaru Training Center

Initiatives at the Aerospace Company

SUBARU has been studying the reuse of waste generated in the product manufacturing process from various angles. One example comes from a collaboration with SUBARU's Team SDA*1 Engineering, the team leading our entry in the Super Taikyu Series of races. Here, we have taken a carbon fiber bonnet, made of carbon fiber recycled from composite waste generated in aircraft parts manufacturing, using the bonnet in the SUBARU BRZ used in competition. This has reduced not only the vehicle's weight but also its environmental impact.
In addition, the development of a material using recycled carbon fiber that comes as close as possible to the material properties of the original carbon fiber and the construction of an optimal design method using recycled carbon fiber composite materials became the topic of joint collaboration between SUBARU and other institutions to achieve reuse in aircraft parts, which are subjected to more rigorous conditions. It resulted in a joint proposal, the research on the technology of continuous production of recycled carbon fiber and its application to aircraft, which was adopted as a New Energy and Industrial Technology Development Organization (NEDO) research program. Going forward, SUBARU will continue working on initiatives to reduce its environmental burden and realize a sustainable society.

Lightweight bonnet hood using recycled carbon fiber

*1 SUBARU Driving Academy, a human resources development initiative to raise driving and evaluation skills of SUBARU engineers

Zero Emissions of Waste from Production

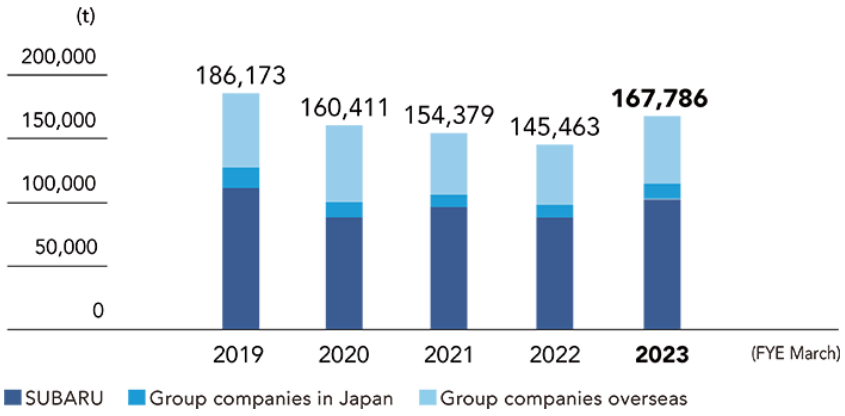
Waste generation in FYE March 2023 increased 22,323 tons year on year due to increased production volume as a result of production activities returning to normal. As waste is also an important resource, we have maintained zero emissions*2 of waste since FYE March 2015 through maximum recovery and recycling and proper treatment of waste generated. As part of its measures to deal with waste plastic, SUBARU has begun exploring waste plastic material recycling, including the reuse in automotive parts and other applications of reject bumpers from the manufacturing process.

*2 A system in which waste and by-products generated in one industry are utilized as resources by other industries, resulting in no waste discharge. This concept was proposed by the United Nations University in 1994.

Primary waste products and their recycled products

Primary Waste Product	Primary Recycled Product
Wastewater treatment plant sludge	Raw material for cement
Paint sludge	Iron-making reducer
Waste plastics	Refuse paper and plastic fuel (RPF) (solid fuels, etc.)
Paper waste	Recycled paper, RPF, etc.

Waste Generation



Scope:

SUBARU: Gunma Plant, Utsunomiya Plant, Handa Plant, Handa West Plant, Tokyo Office, Ebisu Subaru Building, Accessory Center, Subaru Training Center

Group companies in Japan: Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

The Ebisu Subaru Building, Accessory Center, and Subaru Training Center have been added to the scope of aggregation, and figures from previous fiscal years have been retroactively revised to reflect this change.

Amount of Waste Generated and Processed

Based on aggregation of data from Gunma Plant, Tokyo Office, Utsunomiya Plant

* Waste is not disposed of in a landfill after external intermediate processing.

Logistics

Reuse of Packaging Materials

Subaru Logistics Co., Ltd., which handles packaging and transport for complete knockdown (CKD) parts of SUBARU automobiles, has been actively working on reducing its environmental impact, focusing on the reuse of packaging materials. In FYE March 2023, the amount of packaging materials reused increased 8% year on year to 852 tons, a vehicle intensity of

2.8 kg. This was largely due to a 1.4% year-on-year increase in shipments of the Legacy, which has a high reusable material adoption rate.

(FYE March)

	2019	2020	2021	2022	2023
Amount reused (t)	776	1,020	661	786	852
Intensity (kg/vehicle)	2.1	2.8	2.4	2.7	2.8

Reduction of Wrapping Materials on Bumpers for U.S. Market

At Subaru of America, Inc., non-colored bumpers imported from Japan are re-wrapped for protection during transport within the U.S. In FYE March 2021, we have launched an initiative to remove the need for re-wrapping in the U.S. by applying high-strength wrapping material with high shape stability before export from Japan.

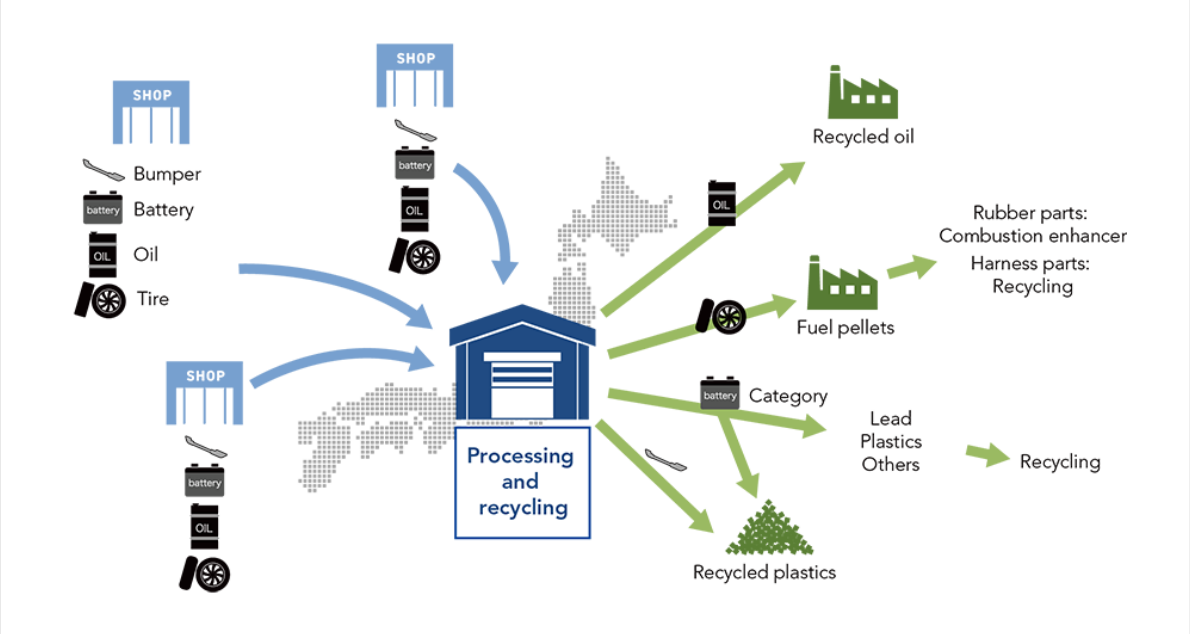
Promoting Environmentally Friendly Packaging Materials

The company's Parts Distribution Center is progressing with environmentally friendly initiatives on packaging materials and began exploring a range of measures in FYE March 2022, namely switching from cardboard to paper packaging for improved transport efficiency, use of packaging materials with 10% content of biomass plastic material, and switching from resin to cardboard pallets.
The Parts Distribution Center, has successfully eliminated plastic use and improved workability through the use of paper cushioning and packaging materials. We have begun studying the possibility of switching from wood to cardboard as a packaging material for large parts such as bumpers, engines, and transmissions, with cardboard to be adopted starting in FYE March 2024. In addition, from FYE March 2024, we are working to eliminate excessive quality in plastic packaging materials (e.g., eliminating, reducing size of, and adjusting thickness of materials) in order to eliminate plastic use. We are also promoting environmentally friendly initiatives in packaging materials.

Sales

Zero Emissions of Waste from SUBARU Dealers in Japan

Dealers in Japan are committed to the proper management of waste generated from their business activities and to recycling to achieve zero emissions in Japan. In FYE March 2023, these initiatives resulted in the collection of 27,303 used bumpers, 145,852 lead batteries (containing 1,974 tons of lead material), 5,171 kL of oil, and 207,932 tires.
Zero emission initiatives led by dealers, which work most closely with customers, are activities that will contribute more directly to environmental conservation in local communities. The initiatives are expected to help promote proper processing, recycling, and the effective use of resources.



Recycling of used bumpers

Waste bumper → Crushed into pellet form → Recycled into transport pallet

Recycling of Waste Oil

Waste oil generated at SUBARU dealers in Japan during oil changes is recycled as recycled fuel oil through SUBARU's zero waste emissions scheme. Flower farmers in Yamagata Prefecture grow beautiful poinsettia and cyclamen every year using this recycled fuel oil to heat their greenhouses.

Proper Processing of End-of-life Vehicles Based on Act on Recycling, etc. of End-of-Life Vehicles

Act on Recycling, etc. of End-of-Life Vehicles

Under the Act on Recycling, etc. of End-of-Life Vehicles of Japan, car manufacturers are required to fully recover and properly recycle automotive shredder residue (ASR), airbags, and chlorofluorocarbons (CFCs) from their end-of-life vehicles.
SUBARU has been promoting the smooth, proper, and efficient recycling of ASR by establishing, together with 13 other automakers and other companies, the Automobile shredder residue Recycling Promotion Team (ART).*3 We also ensure proper processing of airbags and CFCs through operations of Japan Auto Recycling Partnership Ltd., established jointly with Japanese automakers and importers.

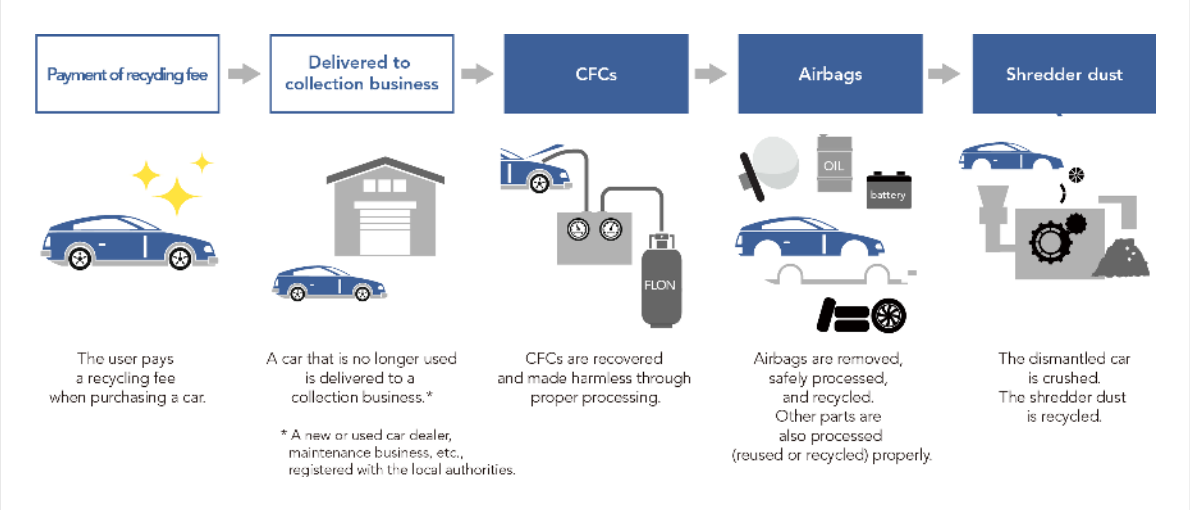
*3 A team to promote the recycling of ASR, organized by 13 automobile manufacturers in December 2003. The team plans the smooth, proper, and efficient recycling of ASR, a waste product that is classified as one of the Parts Specified for Recycling as defined by the Act on Recycling, etc. of End-of-Life Vehicles and required to be recycled under the law.

Proper Processing of End-of-life Vehicles

SUBARU is participating and collaborating actively in the building of an automotive recycling system to reduce the environmental impact of end-of-life vehicles. SUBARU is also focusing on promoting the development of easy-to-recycle vehicles, and collaborates with its dealers nationwide by jointly operating an automotive recycling system aimed at promoting the proper processing and raising the recycling rate of ASR, airbags, and CFCs.
In FYE March 2023, the ASR recycling rate was 96.9%, achieving the legal target of 70% for FYE March 2016 and thereafter. The airbag recycling rate was 95.4%, exceeding the legal target of 85%, and all CFCs recovered were processed properly. Detailed information on the level of progress with these recycling initiatives and SUBARU's other activities based on the Act on Recycling, etc. of End-of-Life Vehicles is disclosed separately on the web page indicated below.

› About the Act on Recycling, etc. of End-of-Life Vehicles (Japanese version only)
› Automobile shredder residue Recycling Promotion Team (ART) (Japanese version only)

Automobile Recycling Process



Overseas

Use of Rebuilt Items

Toward realizing a recycling-oriented society, the SUBARU Group in the U.S. is promoting a way to reduce the environmental impact of replacing engines, transmissions, and other large parts that also eases the cost burden on customers. This is the use of rebuilt items,*4 made by salvaging reusable parts. Over the course of 10 years, this activity has resulted in a reduction of approximately 50,000 t-CO_2.

*4 Repair parts such as engines, etc., for which consumable parts are replaced and usable parts are reused in accordance with inspection standards.

Distribution Centers (Subaru of America, Inc.)

Subaru of America, Inc.'s regional distribution centers use returnable containers to reduce the amount of cardboard and wood used when transporting parts.

Collaboration with TerraCycle® (Subaru of America, Inc.)

Since 2018, Subaru of America, Inc. has partnered with U.S. recycling firm TerraCycle® to enable recycling in products where it is normally difficult, such as park benches and vases. The program is part of the SUBARU Loves the Earth" initiative aimed at improving waste recycling rates.
Under the TerraCycle® Zero Waste Box™ program, which promotes the recycling of a wide range of waste products, TerraCycle® Zero Waste Boxes™ have been distributed to SUBARU dealers in the U.S. to collect recyclables. Customers, employees, and community partner organizations are encouraged to deposit snack packages, used paper cups, and plastic containers.
In April 2022, TerraCycle® solutions were used for the New Jersey Pine Barrens Cleanup, recycling 812 pounds of trash over the course of two days.

Zero Waste Box

Zero Landfill Waste Joint Initiative in U.S. National Parks (Subaru of America, Inc.)

Subaru of Indiana Automotive, Inc. (SIA), SUBARU's production base in the U.S., has achieved and maintains zero landfill waste status. Subaru of America, Inc. has been leveraging SIA's expertise to advance a joint initiative with suppliers, the National Parks Conservation Association, the National Park Service, and others since 2015 to reduce landfill waste generated from three national parks: Yosemite National Park (California), Denali National Park and Preserve (Alaska), and Grand Teton National Park (Wyoming). Subaru of America, Inc. received the Silver Halo Award and the Corporate Stewardship Award in 2020 in recognition of zero landfill initiatives in national parks. Since 2015, these activities have successfully saved more than 22.4 million pounds of garbage from landfills at the Denali National Park and Preserve, the Grand Teton National Park, and the Yosemite National Park, using them instead in recycling and composting.

E-waste (Subaru of America, Inc.)

One of Subaru of America, Inc.'s initiatives is to appropriate recycle e-waste (electronic and electrical waste) from employee homes. In its 2022 Earth Day event, it collected 1,988 pounds of e-waste that would otherwise be sent to landfills.

Sustainable Subaru Gear (Subaru of America, Inc.)

Subaru of America, Inc. works with Staples Corporate to provide environmentally friendly SUBARU-branded clothing and products for people and their pets, and helps reduce environmental impact by utilizing 100% recycled plastic bags and recyclable shipping boxes.

Zero landfill initiative at Subaru of Mississauga

Subaru Canada, Inc. is engaged in an initiative aimed at zero landfill in collaboration with local business U-PAK DISPOSALS. From April 1, 2022 to March 31, 2023, approximately 36,000 tons of landfill waste was diverted from landfill disposal to reuse, recycling, composting, or energy production through the Energy from Waste program.

Water Resources

Our Approach

Water is an indispensable resource for the SUBARU Group's business activities. The risk of droughts, floods, and other disasters is increasing, however, due to climate change, while global population growth and economic development are increasing demand for water and raising the risk of water shortages and pollution.
To help alleviate these risks, the SUBARU Group is committed to the proper management of water consumption, as well as to minimizing the environmental impact of its discharged water. We are also actively engaging in activities to conserve forests that have a water storage function.

Water Management

The Production & Environment Subcommittee manages the SUBARU Group's water usage at each site, and both the total amount and amount used per unit of sales are maintained at a constant level.
The share of each water source in the total freshwater consumption at the SUBARU Group is as follows: industrial water 67%, tap water 27%, and groundwater 6%. As we are well aware of the risks involved in using the valuable resource of fresh water, we carefully monitor water consumption by conducting water risk assessments at major locations. Although the current assessment results show that the water risk is not high, we will continue to regularly assess our water risk levels and work to reduce water consumption in order to ensure a continuous water supply.

Water Risk Assessment

The SUBARU Group uses a third-party expert to implement water risk assessments* to ensure the sustainable use of water. These assessments estimated, among other things, the water supply and demand risk in the river basins in which the production bases are located, the probability of water-related disasters occurring, and the impact on public health and ecosystems on a five-point scale. Risk assessments utilized the most severe RCP8.5 climate change scenario adopted by the IPCC. These assessments showed that water risk at the Gunma Plant, Utsunomiya Plant, and Subaru of Indiana Automotive, Inc. is generally evaluated as moderate or lower.

Gunma Plant and Subaru of Indiana Automotive, Inc.

According to an assessment in FYE March 2017, the water supply and demand risk at the Gunma Plant and Subaru of Indiana Automotive, Inc., both of which are automobile manufacturing bases, is moderate. It is expected that the current risk level will be maintained for the medium to long term, even when the impact of climate change is taken into account. No biodiversity conservation areas are identified at the lower reaches of the rivers. The vulnerability to water pollution is low.

Utsunomiya Plant

According to an assessment in FYE March 2018, the water supply and demand risk at the Utsunomiya Plant, which is our base for aerospace manufacturing, is moderate. This risk level is expected to drop in the future as an increase in the river flow rate and decrease in water demand are likely to take place. The plant is not located in an area at high risk of flood inundation or landslides. No biodiversity conservation areas or habitats for rare aquatic life are identified in the areas within 10 km downstream from the site. Going forward, we will continue to accurately monitor our water risk based on the assessments, ensure optimum water consumption in relation to local water demand, and help conserve the environment along the river.

* Reference databases: WRI Aqueduct water risk atlas, WWF-DEG Water Risk Filter, PREVIEW Global Risk Data Platform, Climate Change Knowledge Portal, Integrated Biodiversity Assessment Tool, National Land Numerical Information: Possible Inundation Area Data and Sediment Disaster Hazard Area Data (Ministry of Land, Infrastructure, Transport and Tourism), NCD-VfU-GIZ Water Scarcity Valuation Tool (Version 1.0), Costing Nature/Water World, (Only for Gunma Plant and Utsunomiya Plant)

Response to Water Risks:

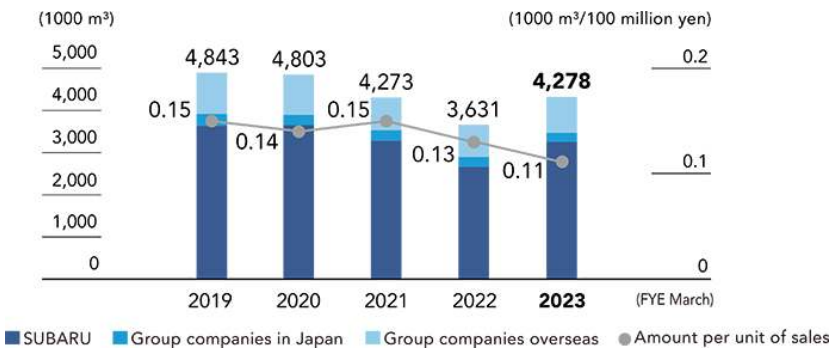
› Risk Management: BCP

Achievements and Initiatives

Water Consumption

The total amount used is monitored and compiled for each location, and reported and verified at biannual meetings. Necessary measures are then taken as appropriate.

Water Consumption



Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Overseas Group companies:Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

FYE March 2023 Water Consumption by Source (Thousands of m³)

Region	Tap Water	Industrial Water	Groundwater	Source of Water Intake
Japan	317	2,857	252	Tone River, Watarase River
North America	852	0	0	Groundwater from the Teays Valley aquifer
Total	**1,169**	**2,857**	**252**	

Scope:

Japan:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant, Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

North America:Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru Canada, Inc., Subaru Research & Development, Inc.

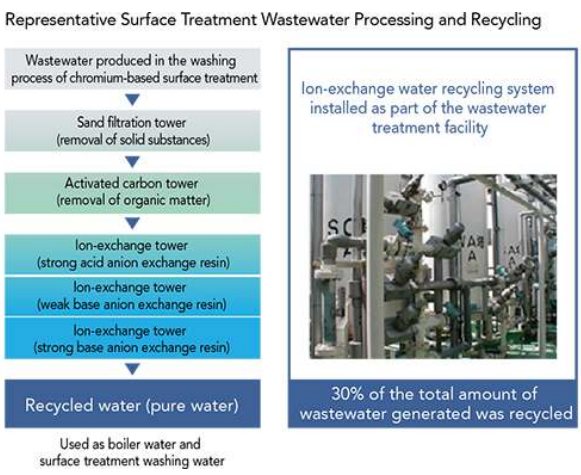
*Subaru of America, Inc, Subaru Canada, Inc and Subaru Research & Development, Inc were added to the scope from FYE March 2023.

Water Reuse

Utsunomiya Plant

The Utsunomiya Plant has introduced a surface treatment facility equipped with an ion-exchange water recycling system that converts wastewater into pure water. In FYE March 2023, 23,389 m³ (29.7%) of the total of 78,781 m³ of water used in the surface treatment facility was recycled and utilized at the plant as washing water for the surface treatment facility.

Representative Surface Treatment Wastewater Processing and Recycling



Water Discharge

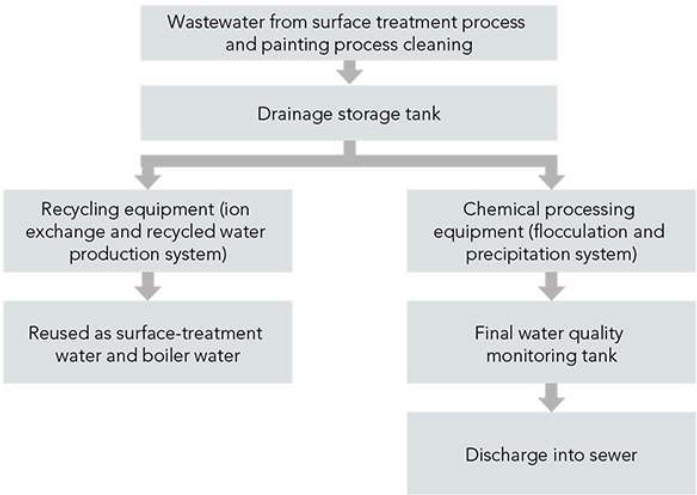
Gunma Plant

In the Gunma region, wastewater from our plants is treated, water quality is checked in an oil-water separation tank, and it is discharged into rivers, where it eventually merges into the Tone River. Appropriate wastewater treatment is provided to ensure the water from the Tone River is safe during use for agricultural and domestic purposes in the downstream areas.

Utsunomiya Plant

In the Utsunomiya area, after treating wastewater from surface treatment processes we discharge it into the sewer system, and discharge rainwater and cooling water into the river after checking its quality in the final water quality monitoring tank. In addition, we dispose of wastewater from the painting process in the Handa area as industrial waste, and treat domestic wastewater in septic tanks prior to discharging it into Kinuura Port and the Agui River.

Utsunomiya Area Wastewater Treatment Process



Biodiversity

Our Approach

With the automotive and aerospace businesses as the pillars of SUBARU's operations, our fields of business are the earth, the sky and nature. We promote biodiversity preservation through our business activities, aiming to achieve coexistence with nature.
We support the Declaration of Biodiversity by Keidanren (Japan Business Federation). We also ensure ongoing, biodiversity-friendly business activities through the SUBARU Guidelines on Biodiversity, while also committing ourselves to the SUBARU Forest Project for biodiversity conservation and organizing various events in and outside our business locations aimed at raising people's awareness of biodiversity.
SUBARU will continue to drive biodiversity-related initiatives through the Biodiversity Working Group's activities.

Guidelines on Biodiversity

The SUBARU Group instituted the SUBARU Guidelines on Biodiversity in April 2019, which serve as the basis for its approach to biodiversity. The guidelines were formulated with reference to the government's Guidelines for Private Sector Engagement in Biodiversity (Ministry of the Environment) and the Declaration of Biodiversity by Keidanren: Guide to Action Policy, as well as by taking into account international trends in biodiversity management. They are consistent with the Six Priority Areas for CSR and the SUBARU Environmental Policies and are designed to ensure that their effectiveness and continuity can be guaranteed.

SUBARU Guidelines on Biodiversity

Our society is supported by biodiversity, which is the source of various blessings from nature.
On the other hand, "biodiversity" is rapidly being lost on a global scale.
We promote biodiversity preservation through our business activities and contribute to the environmental protection of our planet while aiming to coexist with the earth, the sky and nature.

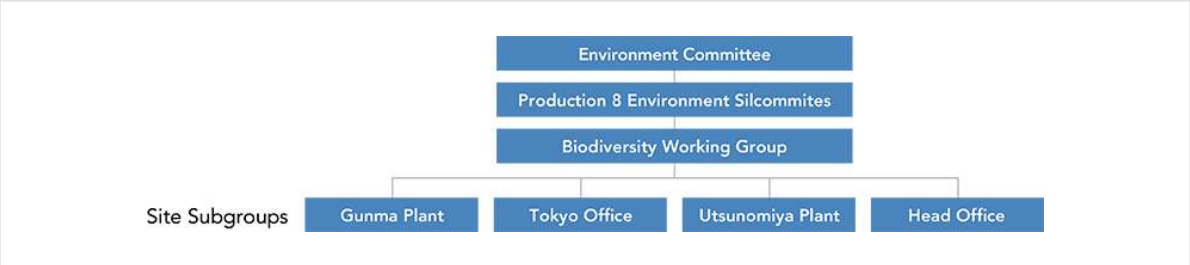
1. We grasp the impact of business activities on biodiversity and reduce their impact. We also promote initiatives leading to further recovery.
2. We strive to raise awareness of biodiversity.
3. We respect international rules concerning biodiversity.
4. We cooperate with stakeholders and strive for preservation of biodiversity.
5. We proactively disclose information on activities regarding biodiversity.

Established in April 2019

Management System

SUBARU has established the Biodiversity Working Group as a body to drive biodiversity initiatives subordinate to the Production & Environment Subcommittee. Its role is to regularly update on the goals and issues of SUBARU's biodiversity activities, provide survey findings to support the formulation of plans, and undertake other information-sharing activities. Under the control of the Biodiversity Working Group, we have set up four further site subgroups at the Gunma Plant, Tokyo Office, Utsunomiya Plant, and Head Office. Their role is to inform on initiatives at their respective sites, liaise on biodiversity-related matters with the Purchasing Committee, Social Contribution Committee, and other bodies, and formulate a roadmap for biodiversity initiatives. As with other working groups, the Biodiversity Working Group reports regularly on its initiatives to the Environment Committee, which undertakes overall management of the progress and direction of the initiatives.
In FYE March 2023, via the Biodiversity Working Group, we issued the Planting Guidelines, which outline our approach to selecting plants for planting at our business sites. Our aim is to plant in a way that does not adversely affect local biodiversity by prioritizing the indigenous and native species around our business sites.

SUBARU's Biodiversity Management Organization



Initiatives

SUBARU Forest Project

Since FYE March 2018, SUBARU has been working on the SUBARU Forest Project, an initiative that is directly linked to biodiversity conservation and embodies the idea of coexistence with nature included in the SUBARU Environmental Policies.

SUBARU Forest Bifuka in Hokkaido

In a forest of approximately 100 hectares located on the premises of SUBARU Test & Development Center Bifuka Proving Ground, SUBARU started forest management and conservation activities in FYE March 2018, including tree-planting, thinning, and nature conservation. We aim to carry out these activities in collaboration with local communities such as Bifuka Town with a long-term plan to create a forest through artificial afforestation in 50 years. Furthermore, we began purchasing J-Credits in FYE March 2022 as a measure against climate change.
Wood from thinning during forest maintenance projects at SUBARU Forest Bifuka is used as biomass fuel. Meanwhile, wild animals such as Ezo red foxes and brown bears that live in the surrounding area have been spotted on the premises, and we are considering measures aimed at coexistence with these animals in cooperation with local governments.
In addition, as of FYE March 2020, Bifuka Town has acquired the SGEC-FM certification, an international forest certification scheme, for town- and SUBARU-owned forests, in order to achieve effective use of forest resources.

SUBARU Test & Development Center Bifuka Proving Ground and its surrounding forests

Ezo red foxes have been spotted on the premises

Sponsorship of a tree-planting ceremony at Bifuka Town

In 2018, Bifuka Town and SUBARU signed an agreement on implementation of forest conservation activities in order to carry out tree planting, forest thinning, nature conservation, and other activities in a forest of about 115 hectares on the SUBARU Test & Development Center Bifuka Proving Ground site as part of SUBARU Forest Project activities, as well as to conduct activities in partnership with local communities. As part of these activities, SUBARU sponsors an annual tree-planting ceremony. At the tree spirit ceremony and tree-planting ceremony held in May 2023, a total of about 70 administrative staff people from local forestry associations attended. With the hope of passing on healthy and abundant forests to the next generation, participants planted 240 Mongolian oak trees, a variety chosen for its compatibility with the biodiversity of Bifuka Town. These Mongolian oak trees will be ready for felling in around 70 years' time.

About 70 people participated in the tree planting.

Donations to fund environmental conservation activities at Matsuyama Marsh

SUBARU, Bifuka Town, and the Hokkaido Government Kamikawa General Subprefectural Bureau signed an agreement to promote conservation of the forest environment in Bifuka Town in 2019. SUBARU has been utilizing the corporate version of a hometown tax donation program—the government's tax incentive scheme to encourage companies to support regional revitalization—to donate three million yen to the Hokkaido government's Matsuyama Marsh* Forest Project over four years starting from FYE March 2020. The donations are used, among others, for boardwalk improvements in Matsuyama Marsh. Four donations have been made so far, and the donation was made and used to replace the old signpost and maintain trails so that the trekking route is properly demarcated to preserve valuable vegetation and ensure the safety of visitors.

A beautiful Matsuyama Marsh landscape

Repaired walking paths around the Matsuyama Marsh

* Matsuyama Marsh (Bifuka Town): Japan's northernmost high-altitude wetland situated 797 meters above sea level. As the marsh is home to around 200 distinctive plant species, including ferns and mosses, the Ministry of the Environment has selected it as one of Japan's 500 most important wetlands.

SUBARU Friendship Forest Akagi (Gunma Prefectural Forest Park)

In April 2018, SUBARU obtained the naming rights to a prefectural forest park in Gunma Prefecture, where its automotive plants are located. The park's name, "SUBARU Friendship Forest Akagi," will be used for the five years through 2023. In March 2022, we also donated 10 bike racks made from thinned wood to the forest park. Donations in FYE March 2021, FYE March 2022, and FYE March 2023 are part of the 9.8 million yen we will donate over the five-year period to the prefectural government to support forest park conservation and management.

SUBARU Friendship Forest Akagi

SUBARU Forest Utsunomiya (Utsunomiya City Forest Park in Tochigi Prefecture)

Utsunomiya City, Tochigi Prefecture, is where our Aerospace Company is located. Through FYE March 2023, we supported the conservation and management of part of the city-owned SUBARU Forest Utsunomiya in collaboration with the city. In this initiative, we supported thinning and the use of thinned wood for benches and bike racks.

A bench made of thinned wood

A bike rack made of thinned wood

› Social Contribution: SUBARU Forest Project

Greenery Conservation and Creation

Since the SUBARU Group's business locations are closely linked to the neighboring natural environments and ecosystems, we make a variety of contributions to the conservation of biodiversity in each area.

Gunma Kitamoto Plant

The Kitamoto Plant in Kitamoto City has been nurturing and taking care of cherry trees growing on the site since they were received from the city in 2003. The trees are descendants of the Ishito Kabazakura cherry tree, estimated to be 800 years old, at Tokoji Temple in the city. Ishito Kabazakura was designated as a natural monument of Japan in 1922 and is classified as one of Japan's five great cherry trees.

Cherry trees at the Kitamoto Plant

Tokyo Office

Located in Musashino City, the Tokyo Office has been planting bamboo-leaf oak, East Asian beautyberry, and other species native to the area within the office's premises to enhance the landscape and biodiversity. We also participate in activities to protect the natural features of the region and share opinions with industry, government, academia, and the private sector.

Bamboo-leaf oak

East Asian beautyberry

Biodiversity Initiatives Based on Community Exchange

With the aim of conducting biodiversity initiatives at each business site, we emphasize communication between SUBARU employees and the local communities and local governments, as they are our closest stakeholders. By participating in and organizing locally based events and by joining with members of the local community in biodiversity initiatives, we want to work together to contribute to global environmental protection and achieve coexistence with nature.

Gunma Plant

Flower distribution

We distribute flower seedlings to member companies of the SUBARU Community Exchange Association on request basis three times a year. We chose varieties that contribute to biodiversity in 2015. With these seedlings, each company promotes greenery conservation.

› SUBARU Community Exchange Association (Japanese version only)

Elementary school flowerbed contest

This contest provides children in the community with an opportunity to realize the importance of life through the experience of planting flower seedlings donated by SUBARU and creating flowerbeds. We have been holding this flowerbed contest for elementary schools in Ota City and Oizumi Town since 2015. The event was canceled in FYE March 2021, but resumed in FYE March 2022 with due measures taken to prevent new coronavirus infection.

Utsunomiya Plant

Planting at the new administration building

When planting trees during the construction of the new administration building, native Japanese species were selected based on the Planting Guidelines.

Protecting the Nikko Cedar Avenue

SUBARU supports the protection of the famous line of cedar trees in the Nikko area, which is both a national special historic site and special natural monument in Tochigi Prefecture, and since 1996, SUBARU has been the owner of two such cedar trees.

Nikko cedars

Procurement with Consideration for Biodiversity

SUBARU surveys the use of animal and plant-derived materials, including cowhide and natural rubber, to ensure no negative impact on the ecosystem or human rights during procurement of biological resources.
SUBARU also uses copy paper made from 100% recycled paper pulp that is not from new plant resources.

Paperless Initiatives

We are taking actions to go paperless with the aim of providing payment guides for our business partners solely online by the end of FYE March 2024. In January 2023, we succeeded in going completely paperless for the standard forms used in office procedures related to maintenance parts and vehicle accessories.

Overseas

Initiatives Aiming at Coexistence with Nature (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. (SIA) worked to protect the ecosystem of its plant site and provide a friendly habitat for local wildlife by improving water retention and enhancing the surrounding greenspace. As a result, the National Wildlife Foundation designated the site as a supportive wildlife habitat in 2003, the first such designation of an automotive production plant in the U.S. The plant is surrounded by a rich natural environment home to many wild deer, where wild Canadian geese and herons also feed and rest.

Wild Canadian geese

SIA's rich natural surroundings

Support for Wildlife and Nature Conservation (Subaru of Indiana Automotive, Inc.)

SIA has been supporting Wolf Park since 2020. This organization is engaged in wildlife education, conservation, and research for wolves, foxes, and bison. SIA also sponsors a nature conservation organization called NICHES Land Trust. It not only protects the local environment itself but also partners with other organizations that do so. In addition, every year SIA joins with the NPO Tree Lafayette to mark Earth Day. In 2022, it supported a project to plant 15 trees at Miller Elementary School.

Participation in the Philadelphia Flower Show (SOA)

In partnership with the Pennsylvania Horticultural Society, SOA participated in the Philadelphia Flower Show in 2022. Participants were given the opportunity to learn how to plant flowers in a pot they were given to take home with them.

At the Philadelphia Flower Show

PrintReleaf's Tree-Planting Program (SOA)

Through partnership with Allied Printing, SOA takes part in the PrintReleaf program, whereby its consumption of paper is measured and a corresponding number of trees automatically planted at a reforestation site of its choice, thus achieving a zero-paper footprint for the company. In 2022, 400 trees were planted through the program.

Prevention of Pollution

Our Approach

For the development of a sustainable society as well as its own business continuity, the SUBARU Group considers it essential to prevent the pollution of public water resources, soil, and the atmosphere. The Group endeavors to accurately measure its environmental impact and reduce it to a minimum by making the best use of its environmental management system.

Management System

SUBARU, in cooperation with relevant departments and staff involved with environmental laws and regulations at Group companies in Japan, utilizes its environmental management system and works to prevent and minimize their materialization of environmental risks involved in its business activities (environmental accidents, pollution, noncompliance with laws and regulations, etc.).
Among the specific measures taken across the SUBARU Group are enhanced sharing of information on environmental laws and regulations through creation of a network of officers in charge of this area within the SUBARU Group; provision of training in environmental laws and regulations to these officers; and review of the procedures and practice of internal audit relating to compliance with environmental laws and regulations. In implementing these initiatives, we will emulate the PDCA cycle of the environmental management system, identifying issues in each fiscal year as the basis for improvement in the next, thus taking continuous action to ensure comprehensive compliance with environmental laws and regulations.

Achievements and Initiatives

Compliance with Environmental Laws and Regulations and Related Initiatives

In addition to complying with environmental laws and regulations, SUBARU has set its own voluntary environmental standard values, which are 20% stricter than the regulatory values set by law. We are committed to never exceeding the regulatory and voluntary thresholds and striving to achieve the goal of zero environmental complaints and zero environmental accidents. In FYE March 2023, one incident related to water quality exceeded relevant regulations at the Tokyo Office. We are conducting a root cause analysis of the issue, including investigating necessary water discharge amounts and water inflow, and will explore and implement measures to rectify the situation.

Name of the Site	Number of Cases
Tokyo Office	1

Among our Group companies in Japan, there was one case of regulatory violation related to noise at Subaru Logistics Co., Ltd., and one case related to water quality at Fuji Machinery Co., Ltd. where the legal limit was exceeded. We are actively striving to identify the root causes of these incidents to prevent their recurrence.

› FYE March 2023 Environmental Performance Data for Plants and Offices

Environmental Accidents

We are committed to achieving the goal of zero accidents, both on-site and off-site. In FYE March 2023, two incidents occurred off-site and five incidents occurred on-site. With regard to the two off-site incidents, we have identified the cause of the incident in Gunma and have conducted activities to raise awareness and prevent similar accidents in the future.
Particularly with respect to the environmental incident that occurred at the Tokyo Office, we are conducting a root cause analysis of the issue, including investigating necessary water discharge amounts and water inflow, and will explore and implement measures to rectify the situation.

Name of the Site	Number of Cases
Gunma Plant	Off-site incidents 1 On-site incidents 3
Utsunomiya Plant	On-site incidents 1
Tokyo Office	Off-site incidents 1 On-site incidents 1

Among our Group companies in Japan, there was one case of an accident off premises at Fuji Machinery Co., Ltd. We are working diligently to prevent a recurrence in addition to complying with environmental laws and regulations.

Environmental Complaints

We are committed to achieving the goal of zero environmental complaints, but in FYE March 2023 we received four. We intend to prevent recurrence by uncovering the causes of the complaints.

Name of the Site	Number of Cases
Gunma Plant	2
Utsunomiya Plant	2

Noise, Vibration, and Offensive Odors

The Gunma Plant conducts daily patrols premised on the fact that people and measuring instruments respond to odors and noise very differently. In addition, we use hotlines as a means of communicating with local residents and use their valuable feedback to improve production facilities when appropriate.

Soil and Groundwater

We started our voluntary soil and groundwater tests at our locations in 1998 and have since implemented purification measures and groundwater monitoring as required. Since the Soil Contamination Countermeasures Act came into effect in 2003, we have also filed reports and conducted tests in accordance with the law.

PCB Waste

SUBARU is auditing and treating polychlorinated biphenyl (PCB) waste as planned. We conducted a final survey of the status of PCB waste treatment at each SUBARU base and at Group companies and dealers in Japan. By FYE March 2028, the SUBARU Group plans to complete the disposal of PCB waste.

Hazardous Waste

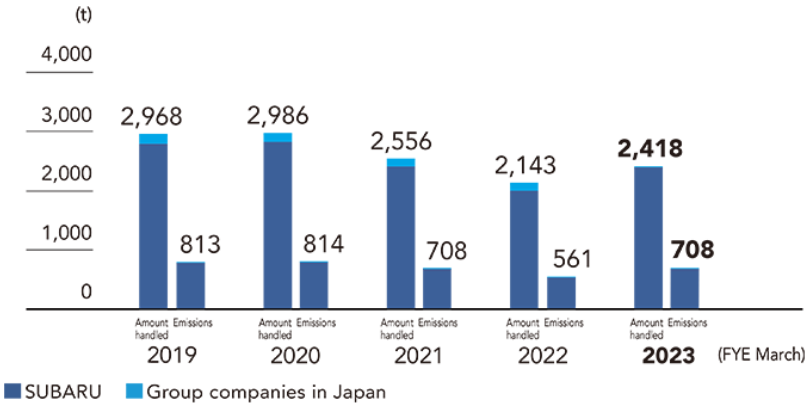
SUBARU has had no significant spillage, nor has it transported waste deemed hazardous under the terms of Annex Ⅰ, Ⅱ, Ⅲ, and Ⅳ of the Basel Convention*.

* International treaty on the control of movements of hazardous wastes between nations and their disposal procedures.

VOC

SUBARU manages volatile organic compounds (VOCs) emissions during the automobile painting process using an emissions per unit coating area calculation method. We are reducing the amount of cleaning thinner used in the automobile painting process and increasing recovery to reduce VOC emissions during painting. However, FYE March 2023 emissions increased 2.2% compared with the previous fiscal year to 50.3g/m^2.

Chemical Substances Regulated by Japan's Pollutant Release and Transfer Register (PRTR) Act

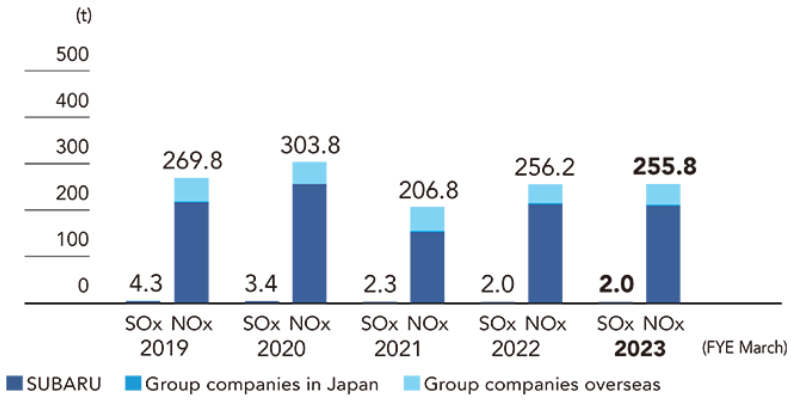


Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

NOx and SOx Emissions



Scope:

SUBARU:Gunma Plant, Tokyo Office, Utsunomiya Plant, Handa Plant, Handa West Plant

Group companies in Japan:Yusoki Kogyo K.K., Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Kiryu Industrial Co., Ltd., Subaru Logistics Co., Ltd.

Group companies overseas:Subaru of Indiana Automotive, Inc.

FYE March 2023 Environmental Performance Data for Plants and Offices

In addition to complying with the laws and regulations, SUBARU sets voluntary standards that are 20% stricter than the legal regulation values to manage the controlled substances.
The following shows the regulation values and measured performance data for our plants and offices regarding the main substances.

Atmosphere (Air Pollution Control Act, Prefectural Regulations)

Automotive Business

Gunma Plant

Main Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Paint drying oven	ppm	230	184	52	43
Particulate matter		g/Nm^3	0.2	0.16	0.008	0.003
VOC	Paint booth, etc.	ppm-C	700	-	568	81

Yajima Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Paint drying oven	ppm	230	184	63	50
Particulate matter		g/Nm^3	0.2	0.16	0.004	0.003
VOC	Paint booth, etc.	ppm-C	700	-	351	68
VOC		ppm-C	400	-	329	68

Oizumi Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Aluminum melting furnace	ppm	180	144	81	41
Particulate matter		g/Nm^3	0.3	0.24	0.004	0.007

Ota North Plant

No applicable equipment / facility

Tokyo Office

No applicable equipment / facility

Aerospace Company

Utsunomiya Plant

Main Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
NOx	Cogeneration	ppm	600	480	112	108
NOx	Drying oven	ppm	230	184	< 100	< 100
Particulate matter		g/Nm^3	0.2	0.16	< 0.010	< 0.010

South Plant and 2nd South Plant

No applicable equipment / facility

Handa Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
SOx	2-ton boiler	ppm	1.5	1.2	< 0.02	< 0.02
NOx		ppm	180	144	37	30
Particulate matter		g/Nm^3	0.1	0.08	< 0.002	< 0.002

Handa West Plant

Substance	Equipment / Facility	Unit	Regulation	Voluntary Standard	Maximum	Average
SOx	2-ton boiler	ppm	1.5	1.2	< 0.02	< 0.02
NOx		ppm	180	144	40	28
Particulate matter		g/Nm^3	0.1	0.08	< 0.002	< 0.002

Water Quality (Water Pollution Prevention Act, Sewerage Act, Prefectural/Municipal Regulations)

Automotive Business

Gunma Plant

Main Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.1～8.3	7.6	7.0	7.4
Biochemical oxygen demand (BOD)	mg/L	25	20	4.2	1.1	2.5
Suspended solids (SS)	mg/L	50	40	2.4	< 1.0	1
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Fluorine and its compounds	mg/L	8	6.4	2.8	< 0.2	1.0
Zinc content	mg/L	2	1.6	0.445	0.016	0.150
Soluble iron content	mg/L	10	8	< 0.1	< 0.1	< 0.1
Soluble manganese content	mg/L	10	8	< 0.1	< 0.1	< 0.1
Phosphorus content	mg/L	16 (8)	6.4	3.7	0.1	1.4
Nitrogen content	mg/L	120 (60)	48	6.3	2.1	4.6

Measured at two drainage outlets (New No. 2 and No. 5 waterways). Values for total phosphorus content and total nitrogen content are daily averages.

Yajima Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.1～8.3	7.6	7.1	7.3
Biochemical oxygen demand (BOD)	mg/L	25	20	9.7	2.7	5.6
Suspended solids (SS)	mg/L	50	40	1.6	< 1.0	1.9
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0
Fluorine and its compounds	mg/L	8	6.4	2.3	1.4	1.8
Zinc content	mg/L	2	1.6	0.785	0.312	0.605
Soluble iron content	mg/L	10	8	< 0.1	< 0.1	< 0.1
Soluble manganese content	mg/L	10	8	< 0.1	< 0.1	< 0.1
Phosphorus content	mg/L	16 (8)	6.4	0.7	0.4	0.6
Nitrogen content	mg/L	120 (60)	48	6.0	4.1	4.7

Values for total phosphorus content and total nitrogen content are daily averages.

Oizumi Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.1～8.3	7.5	7.0	7.2
Biochemical oxygen demand (BOD)	mg/L	10	8	4.5	< 1.0	3.2
Suspended solids (SS)	mg/L	10	8	3.2	< 1.0	1.6
n-Hexane extract content (Mineral oil content)	mg/L	3	2.4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0
Fluorine and its compounds	mg/L	8	6.4	< 0.2	< 0.2	< 0.2
Zinc content	mg/L	2	1.6	0.304	0.097	0.176
Soluble iron content	mg/L	5	4	0.2	< 0.1	0.1
Soluble manganese content	mg/L	5	4	< 0.1	< 0.1	< 0.1

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Phosphorus content	mg/L	16 (8)	6.4	0.4	< 0.1	0.3
Nitrogen content	mg/L	120 (60)	48	14.8	5.4	10.5

Values for total phosphorus content and total nitrogen content are daily averages.

Ota North Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation (Prefectural Regulation)	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.1～8.3	7.7	7.7	7.7
Biochemical oxygen demand (BOD)	mg/L	25	20	1.8	< 1.0	1.4
Suspended solids (SS)	mg/L	50	40	1.6	< 1.0	1.3
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0
Fluorine and its compounds	mg/L	8	6.4	< 0.2	< 0.2	< 0.2
Zinc content	mg/L	2	1.6	0.016	0.013	0.015
Soluble iron content	mg/L	10	8	< 0.1	< 0.1	< 0.1
Soluble manganese content	mg/L	10	8	0.2	< 0.1	0.2
Phosphorus content	mg/L	16 (8)	6.4	< 0.1	< 0.1	< 0.1
Nitrogen content	mg/L	120 (60)	48	1.1	1.1	1.1

Values for total phosphorus content and total nitrogen content are daily averages.

Tokyo Office (Discharged into sewage.)

Item	Unit	Regulation*	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.0～9.0	5.4～8.6	8.8	8.0	8.5
Biochemical oxygen demand (BOD)	mg/L	600	480	270	13	158
Suspended solids (SS)	mg/L	600	480	350	37	168
n-Hexane extract content (Mineral oil content)	mg/L	5	4	0	0	0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	31	1	7
Total phosphorus	mg/L	16	12.8	6	3	4
Total nitrogen	mg/L	120	96	140	6	66
Soluble manganese	mg/L	10	8	0.02	0.02	0.02
Cyanogen	mg/L	1	0.8	0	0	0

* Our regular water quality analysis revealed n-Hexane extract content (animal and plant oil and fat content) and total nitrogen levels that exceeded the exclusion criteria of the city's sewage ordinance, as well as the voluntary criteria for pH. We are conducting a root cause analysis of the issue, including investigating necessary water discharge amounts and water inflow, and will explore and implement measures to rectify the situation.

Aerospace Company

Utsunomiya Plant

Main Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5～9	5.4～8.6	8.3	6.9	7.6
Suspended solids (SS)	mg/L	600	480	367	1.0	65
Biochemical oxygen demand (BOD)	mg/L	600	480	455	0.5	73
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	10.1	1.0	2.5
Fluorine compounds	mg/L	8	6.4	1.5	0.2	0.3
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	0.004	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	0.47	< 0.01	0.04
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

Main Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.0～8.3	8.2	7.0	7.7
Suspended solids (SS)	mg/L	50	40	1.2	1.0	1.1
Biochemical oxygen demand (BOD)	mg/L	30	24	20.6	0.5	1.7
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	< 1.0	< 1.0	< 1.0
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.03	< 0.03	< 0.03
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.0	< 0.0	< 0.0

South Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5～9	5.4～8.6	8.5	6.9	7.5
Suspended solids (SS)	mg/L	600	480	253	2.4	79
Biochemical oxygen demand (BOD)	mg/L	600	480	420	3	125
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	9.6	< 1.0	3.3
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1

FYE March 2023 Environmental Performance Data for Plants and Offices

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

South Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.0～8.3	7.9	6.9	7.4
Suspended solids (SS)	mg/L	50	40	2	1.0	1.5
Biochemical oxygen demand (BOD)	mg/L	30	24	14	0.5	1.9
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.0	< 0.0	< 0.0

2nd South Plant (Discharged into sewage.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5～9	5.4～8.6	8.6	6.9	7.7
Suspended solids (SS)	mg/L	600	480	253	2	37
Biochemical oxygen demand (BOD)	mg/L	600	480	256	2	43
n-Hexane extract content (Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
n-Hexane extract content (Animal and plant oil and fat content)	mg/L	30	24	5.3	< 1.0	1.6
Fluorine compounds	mg/L	8	6.4	5.5	0.2	0.4
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003
Total chromium	mg/L	2	1.6	0.62	0.02	0.06
Hexavalent chromium	mg/L	0.1	0.08	< 0.02	< 0.02	< 0.02

2nd South Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.0～8.3	7.5	6.5	7.1
Suspended solids (SS)	mg/L	50	40	< 1.0	< 1.0	< 1.0
Biochemical oxygen demand (BOD)	mg/L	30	24	5.1	0.5	1.4
n-Hexane extract content(Mineral oil content)	mg/L	5	4	< 1.0	< 1.0	< 1.0
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.003	< 0.003	< 0.003

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Total chromium	mg/L	2	1.6	< 0.01	< 0.01	< 0.01
Hexavalent chromium	mg/L	0.5	0.4	< 0.0	< 0.0	< 0.0

Handa Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5～9	5.8～8.3	8.2	5.9	6.9
Suspended solids (SS)	mg/L	30	24	9.0	1.0	1.6
Biochemical oxygen demand (BOD)	mg/L	25	20	18.0	0.5	3.6
Chemical oxygen demand (COD)	mg/L	25	20	13.0	1.5	4.8
n-Hexane extract content (Mineral oil content)	mg/L	2	1.6	< 0.5	< 0.5	< 0.5
Cyanogen	mg/L	1	0.8	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.005	< 0.005	< 0.005
Total chromium	mg/L	2	1.6	< 0.04	< 0.04	< 0.04
Hexavalent chromium	mg/L	0.5	0.4	< 0.04	< 0.04	< 0.04

Handa West Plant (Effluent is discharged into public rivers.)

Item	Unit	Regulation	Voluntary Standard	Maximum	Minimum	Average
Hydrogen ion concentration (pH)	-	5.8～8.6	6.0～8.3	7.7	7.2	7.4
Suspended solids (SS)	mg/L	30	24	6.0	1.0	2.8
Biochemical oxygen demand (BOD)	mg/L	25	20	14.0	1.1	4.6
Chemical oxygen demand (COD)	mg/L	25	20	7.5	1.4	4.1
n-Hexane extract content (Mineral oil content)	mg/L	2	1.6	< 0.5	< 0.5	< 0.5
Cyanogen	mg/L	0.5	0.5	< 0.1	< 0.1	< 0.1
Cadmium	mg/L	0.03	0.024	< 0.005	< 0.005	< 0.005
Total chromium	mg/L	2	1.6	< 0.04	< 0.04	< 0.04
Hexavalent chromium	mg/L	0.3	0.3	< 0.04	< 0.04	< 0.04

Noise (Noise Regulation Act, Prefectural Regulations, Agreements)

Automotive Business

Gunma Plant

Measurement Location	Unit	Regulation* (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	55	54	16	53

Measurement Location	Unit	Regulation* (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Yajima Plant	dB(A)	55	54	20	48～49
Oizumi Plant	dB(A)	50	49	20	47～49

* The Oizumi Plant exceeded regulatory levels due to intermittent noise. We have confirmed that this intermittent noise is no longer occurring.

Aerospace Company

Utsunomiya Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	60	58	8	49
South Plant	dB(A)	50	48	3	42
2nd South Plant	dB(A)	50	48	3	39

Handa Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa Plant	dB(A)	65	63	3	47

Handa West Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa West Plant	dB(A)	65	63	6	42

Kisarazu Office

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Kisarazu Office	dB(Z)	50	48	2	36

Vibration (Vibration Regulation Act, Prefectural Regulations, Agreements)

Automotive Business

Gunma Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(A)	65	64	16	37～39
Yajima Plant	dB(A)	65	64	20	43～45
Oizumi Plant	dB(A)	60	59	20	34～38

Aerospace Company

Utsunomiya Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	dB(Z)	65	63	8	32
South Plant	dB(Z)	60	58	2	<30
2nd South Plant	dB(Z)	60	58	3	<30

Handa Plant and Handa West Plant

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Handa Plant	dB(Z)	70	68	3	<30
Handa West Plant	dB(Z)	70	68	5	<30

Kisarazu Office

Measurement Location	Unit	Regulation (Night)	Voluntary Standard	Number of Measurement Sites	Maximum
Kisarazu Office	dB(Z)	55	53	2	<30

Odor (Offensive Odor Control Act)

Automotive Business

Gunma Plant

Measurement Location	Regulation	Voluntary Standard	Number of Measurement Sites	Maximum
Main Plant	21	20	6	<10
Yajima Plant	21	20	8	<10
Oizumi Plant	21	20	6	<10

[Odor index]

Chemical Substances Subject to Japan's Pollutant Release and Transfer Register (PRTR) System: Amount Handled and Emissions

Automotive Business

Gunma Plant (Main Plant, Yajima Plant, Oizumi Plant, Subaru Test & Development Center (SKC))

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Water-soluble zinc compounds	12,628	0	139	0	0	10,103	0	0
Ethylbenzene	423,530	230,412	0	0	0	37,587	55,834	99,696
Xylene	515,106	213,499	0	0	0	158,430	58,031	85,146
1,2,4-Trimethylbenzene	257,969	896	0	0	0	180,461	28,249	95,130
1,3,5-Trimethylbenzene	27,670	15,921	0	0	0	1,260	6,305	4,184
Toluene	658,465	218,330	0	0	0	318,442	76,150	45,561
Naphthalene	8,927	6,149	0	0	0	112,648	29,747	1,206
Nickel compounds	764	0	21	0	362	382	0	0
Bis(2-ethylhexyl) phthalate	6,381	0	0	0	128	6,254	0	0
Hydrogen fluoride and its water-soluble salts	7,580	0	6,898	0	0	682	0	0
n-Hexane	111,314	377	0	0	0	110,938	0	0
Benzene	19,669	67	0	0	0	19,602	0	0
Formaldehyde	11,265	5,926	0	0	1,221	0	3,114	1,523
Manganese and its compounds	5,015	0	133	0	0	2,548	0	0
Dioxins Unit: mg-TEQ/year	0	0	0	0	0	0	0	0
Cumene	1,009	655	0	0	0	0	167	187
Methylnaphthalene	8,127	41	0	0	0	8,086	0	0
Total	**2,075,421**	**692,273**	**7,190**	**0**	**1,710**	**967,422**	**257,597**	**332,633**
		699,463						

[Unit: kg/year, excluding dioxins (mg-TEQ/year)]

Tokyo Office

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Ethylbenzene	11,312	0.11	0	0	311.8	0	0	0
Xylene	49,320	0.45	0	0	1,351	0	0	0
1.3.5-Trimethylbenzene	6,814	0.02	0	0	311.8	0	0	0
Toluene	174,610	5.39	0	0	6,235.2	0	0	0
1.2.4-Trimethylbenzene	36,696	0.12	0	0	1,117.1	0	0	0
Benzene	6,421	0.71	0	0	155.9	0	0	0
n-Hexane	22,862	5.53	0	0	259.8	0	0	0
Total	**308,035**	**12.33**	**0**	**0**	**9,743**	**0**	**0**	**0**
		12.33						

[Unit: kg/year]

Aerospace Company

Chemical Substance	Amount Handled	Emissions		Amount Transferred		Amount Consumed	Amount Removed through Processing	Amount Recycled
		Atmosphere	Water	Sewer	Waste			
Toluene	21,683	7,786	0	0	2,206	11,689	0	0
Xylene	2,075	494	0	0	163	1,418	0	0
Hexavalent chromium, manganese, and ethylbenzene are not listed because they are handled in quantities of less than one ton.								
Total	**23,758**	**8,280**	**0**	**0**	**2,369**	**13,107**	**0**	**0**

[Unit: kg/year]

Social

110 Respect for Human Rights
117 Quality: Automotive Business
123 Quality: Aerospace Business
126 Making Safe Vehicles
136 Human Resources
161 Customers
167 CSR Procurement
174 Community Engagement

Respect for Human Rights

Our Approach

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 SUBARU, the SUBARU Group established its Human Rights Policy in April 2020. In this policy, the Group respects the human rights stipulated in international norms such as the Universal Declaration of Human Rights (UDHR), International Bill on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It also applies to SUBARU CORPORATION and all its subsidiaries, as well as to business partners, and other stakeholders. The policy states that we do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law.
This policy was formulated with full consideration to stakeholders' expectations, incorporating discussions with outside experts and overseas subsidiaries. It was officially established after approval by the second meeting of the CSR Committee for FYE March 2020 and reported to the Board of Directors in March 2020. This policy is run globally and appropriately, being ready to address future environmental changes.
If a company commits an act where human rights issues arise, it not only results in loss of trust from customers but also damages brand image, significantly affecting the business foundation. Therefore, SUBARU recognizes respecting human rights as a risk related to its industry and business operations.

* Renamed in FYE March 2022 from the CSR Committee.

Human Rights Policy

Principle of Respect for Human Rights

The SUBARU Group, through its automotive and aerospace businesses, puts people first and engages in people-oriented manufacturing. The Group considers respect for the rights and characteristics of individuals as an important management issue for SUBARU. Based on this policy, the SUBARU Group clarifies its responsibilities to respect human rights based on the United Nations Guiding Principles on Business and Human Rights.

1. Compliance with Laws and Regulations to Respect Human Rights

(Scope and Management Structure)

- This policy applies to the SUBARU Group worldwide—SUBARU CORPORATION and its all subsidiaries, 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. To realize these goals, we have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing this policy and assigning resources as needed for its implementation and continued improvement.

(Related Laws and International Norms)

- We will comply with the relevant laws and regulations of each country, and respect the human rights stipulated in international norms such as The Universal Declaration of Human Rights (UDHR), International Bill on Human Rights (International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights), and the ILO Declaration on Fundamental Principles and Rights at Work. If the standards set forth in the international norms exceed those set forth in applicable law, we will aim to adhere to the international norms.

2. Implementation of Human Rights Due Diligence

(Response to Human Rights Risks)

- We will identify potential or actual human rights risks linked to our business and establish and continuously operate mechanisms to prevent or mitigate such risks.

(Corrective Actions)

- We will strive to remedy any adverse human rights impact that we have caused or are involved in. We will also establish and maintain our grievance mechanism to do so.

(Training)

- To ensure that this policy is understood and practiced by all the members of the SUBARU Group, we conduct regular training and awareness-raising programs for executives, employees, and other stakeholders to respect human rights.

(Dialogue and Consultation)

- We engage in dialogue and consultation with relevant stakeholders in order to improve our commitment to respect for human rights.

(Information Disclosure)

- We will annually report on our commitments and the actions we have taken to respect and promote human rights pursuant to this policy.

Revised in March 2022

Human Rights Policy Appendix

Priority Human Rights Issues in SUBARU Group's Businesses

The SUBARU Group's manufacturing is supported not only by our own factories, but also by an extremely large number of people working in the multilayered supply chains. We also have contact with a variety of people in areas such as marketing, sales, and after-sales service through distributors and dealerships all over the world. In order to respect human rights, and the numerous irreplaceable lives of all those involved in the SUBARU Group, we will actively address the following as priority issues identified so far.
We will regularly review the priority issues in this Appendix based on changes in social demands, including laws and regulations, technical progress, and the business operations of the SUBARU Group.

(Respect for Rights to Human Life and Property)

- In order to protect the basic rights of people and their families who interact with SUBARU Group's products and services, such as drivers, passengers, and pedestrians, we aim to eliminate all traffic accident deaths that involve SUBARU vehicles.
- We will promote the humanitarian use of the SUBARU Group's various products and services, including disaster relief, and strive to avoid nonhumane use.

(Respect for Individuals, Diversity and Inclusion)

- We value the unique characteristics of our employees, our business partners, and the members of the communities in which we operate and strive to create an environment of diversity and inclusion.
- We will conduct our business activities with full respect for privacy, including protecting the personal information of not only our customers and employees, but also those involved with the SUBARU Group.

(Zero Tolerance for Discrimination and Harassment)

- We do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law among all persons involved in the SUBARU Group. Moreover, we do not tolerate any harassment that harms human dignity.
- We will carefully consider potential human rights risks in our marketing and other communication activities, and do not tolerate expressions that are discriminatory or may adversely affect children.

(Respect for the Workers' Rights in SUBARU Group and Encouraging Our Supply Chains)

- We do not tolerate child labor, forced labor, slave labor, and human trafficking.
- We do not expose young workers to hazardous work.
- We will give due consideration to the human rights of foreign workers and migrant workers.
- We respect freedom of association and the right to collective bargaining, which are fundamental workers' rights. We are committed to engagement with employees to ensure a positive working environment.
- We will maintain a worthwhile, safe, and hygienic working environment.
- In order to promote the well-being of workers, we will pay appropriate wages more than the minimum and living wages, and manage working hours appropriately.
- We expect and encourage our supply chains to respect the rights of workers.

(Respect for the Rights of Vulnerable People in Local Communities)

- We engage in responsible procurement practices including those related to conflict minerals.
- We will give special consideration to respect for the human rights of women, children, people with disabilities, social minorities, ethnic minorities, indigenous peoples, and other vulnerable groups.

(Contributions to Respect for Human Rights)

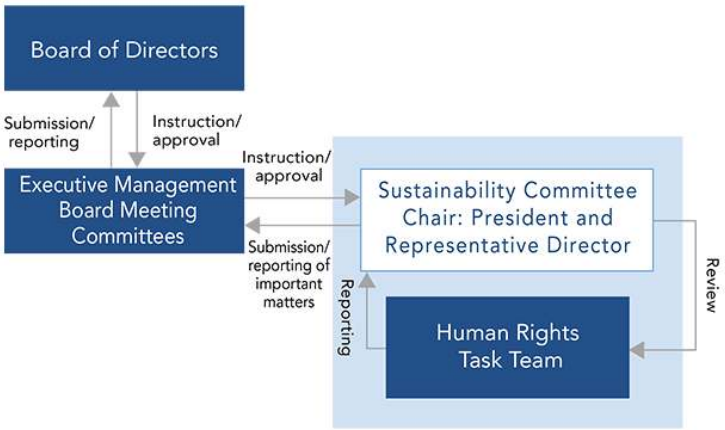
- We will actively contribute to human rights protection worldwide through the SUBARU Group's corporate citizenship activities.

Established in April 2020

› SUBARU Supplier CSR Guidelines

Management System

We have appointed the 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. Specifically, we formed the Human Rights Task Team comprised of management personnel including the General Manager from the Human Resources Department, IR Department, Sustainability Promotion Department, Risk Management and Compliance Office, and Global Purchasing Planning Department. The human rights issues and initiatives discussed within the team are regularly reported and deliberated upon in the Sustainability Committee, chaired by the Representative Director, President and CEO. The details and outcomes are then submitted and reported to the Board of Directors, where they are monitored for their impact on the SUBARU Group's business and appropriately addressed.



Reports and discussions related to human rights in the Sustainability Committee and the Board of Directors

FYE March	Description
2019	・Establishment of the Human Rights Policy
2020	・Human rights risks and corresponding measures in the SUBARU Group
2021	・Progress update on measures addressing human rights risks ・Newly identified human rights risks and corresponding measures
2022	・Human rights initiatives in the SUBARU Group ・Progress update on measures addressing human rights risks

Initiatives

Establishment of the Human Rights Policy

Based on the belief that respect for the rights and characteristics of individuals is an important management issue for SUBARU, the SUBARU Group established its Human Rights Policy in April 2020. This policy was developed through discussions with external experts, consultations with specialists, and deliberations with overseas subsidiaries, taking into full consideration the expectations of stakeholders. 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.
Based on the Human Rights Policy, the SUBARU Group, in order to fulfill its social responsibility in its global business activities, will respect the human rights of all stakeholders associated with the Group and continue managing its operations in line with respect for human rights, working to prevent and mitigate potential negative impacts on human rights.

Activities to Raise Awareness of Human Rights

SUBARU has held seminars every year since FYE March 2021 aimed at helping employees obtain knowledge about business and human rights. Specifically, the seminars aim to foster awareness of the importance of respecting human rights in one's own duties and everyday business activities by understanding the changing external landscape and real-life instances of human rights issues, while recognizing the SUBARU Group's stance on respect for human rights through the Human Rights Policy. In FYE March 2023, the seminars were provided to manager-class employees at the Gunma Plant, and almost all participants responded that they either "fully understood" or "understood" the significance of respecting human rights.

Seminars on business and human rights

	Eligible participants	Program period
FYE March 2021	SUBARU human resource departments' manager-class employees	September 2020
	All SUBARU procurement departments' employees	September 2020
FYE March 2022	All SUBARU executives	January 2022
FYE March 2023	SUBARU Gunma Plant's manager-class employees	March 2023

Stakeholder Engagement

In the SUBARU Group, we strive to accurately grasp stakeholder expectations related to human rights. To ensure timely response, we hold discussions with experts and maintain communication with institutional investors and external assessment organizations as required. In FYE March 2023, we engaged in discussions with multiple institutional investors, during which we explained the SUBARU Group's perspective and initiatives regarding human rights. Additionally, we proactively shared the latest progress with external assessment organizations. Moreover, expectations and suggestions raised by each organization are reported to the Sustainability Committee and shared among all executives.

Human Rights Due Diligence

The SUBARU Group carries out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights. "Promoting initiatives to respect human rights based on the Human Rights Policy and communicating the policy throughout the entire supply chain" has been set as a key performance indicator (KPI) under Compliance within the SUBARU Group's Six Priority Areas for CSR. Together with our business partners, we are actively undertaking efforts in this regard.
From FYE March 2021 to FYE March 2022, with cooperation from LRQA Sustainability Co., Ltd. (formerly Lloyd's Register Japan K.K.), we identified and conducted impact assessments for human rights risks in the domains of human resources and procurement, identifying particularly key risks for the SUBARU Group. We have also formulated measures to address each of these risks. These are agreed upon by the Sustainability Committee and reported to the Board of Directors.
In FYE March 2023, we put into action measures to mitigate risks, while concurrently monitoring the progress and challenges through the Human Rights Task Team. This procedure includes presenting reports to the Sustainability Committee and the Board of Directors, thus establishing a plan-do-check-act (PDCA) cycle.

- **Identifying human rights risks**

  We held study groups on business and human rights for employees in each of the domains of human resources and procurement as well as workshops with representatives from hands-on teams. Through these workshops, we identified potential human rights issues, and based on these issues, we conducted interviews and factory inspections with stakeholders in each domain, identifying human rights risks. In FYE March 2021, the workshop encompassed the human resource domain at the Gunma Plant and the procurement domain in the Automotive Business, with the scope expanded in FYE March 2022 to include the human resource domain at the Head Office, Tokyo Office, and Utsunomiya Plant, and the procurement domain in the Aerospace Business.

- **Conducting impact assessments and identifying particularly key risks**

  Human rights risks identified in each domain were considered mainly along the axes of magnitude of impact and likelihood of occurrence, and particularly key risks for the SUBARU Group were identified.

Particularly key human rights risks

Human resources domain	Long working hours, occupational accidents, harassment of workers, forced labor among foreign workers
Procurement domain	Human rights violations among suppliers, responsible mineral procurement (e.g., conflict minerals, cobalt), harassment of suppliers

- **Formulating measures to address risks**

  For each of the human rights risks identified in each domain, we formulated measures to prevent and mitigate potential negative impacts.

- **Implementation and monitoring of measures**

  The departments in charge of each domain are implementing measures for each risk identified, with the Human Rights Task Team monitoring the progress of the measures. In addition, we ensure continuous monitoring by regularly reporting the progress to the Sustainability Committee and the Board of Directors, aiming to mitigate the risks. For measures in the procurement domain, we collaborate with our business partners to advance initiatives based on the SUBARU Supplier CSR Guidelines.

Examples of measures

	Human resources domain	Example measures implemented	FYE March 2023 results	Issues
Human resources domain	Harassment of workers	・Conducting harassment prevention workshops for management	・Conducted employee surveys and provided managerial training during Harassment Prevention Month	・Preventing harassment and fostering greater awareness among employees
		・Issuing the Harassment Explanatory Booklet for foreign workers in four languages	・Distributed the booklet to new employees	
	Forced labor among foreign workers	・Collaborating with supervisory bodies based on memorandums of understanding* regarding foreign trainee workers, and preventing misconduct and unfair treatment through regular audits *SUBARU bears the cost of recruitment expenses (such as travel and training fees).	・Maintained daily coordination with supervisory bodies and conducted regular audits every three months	・Enhancing collaboration with supervisory bodies and staffing agencies
Procurement domain	Human rights violations among business partners	・Beginning regular questionnaires about non-Japanese employees	・Carried out written and interview-based investigations	・Improving the accuracy of supply chain due diligence
		・Newly adding questionnaire on human rights initiatives		
	Responsible mineral procurement (e.g., conflict minerals, cobalt)	・Formulating the Responsible Mineral Procurement Policy	・Posted and disseminated the policy within the SUBARU Supplier CSR Guidelines.	・Increasing target minerals, regions, and due diligence items in new international regulations and norms
		・Expanding the scope of conflict minerals investigations	・Expanded the scope of the investigations to include dedicated repair parts and conducted surveys	

	Human resources domain	Example measures implemented	FYE March 2023 results	Issues
	Harassment of suppliers	・Partnership Formation Oath (Japanese version only)	・Implemented the provisions of the Oath	・Promoting and increasing awareness of fair trade throughout the supply chain
		・Compliance with the JAMA Voluntary Action Plan	・Initiated discussions with business partners regarding price adjustments in response to rising costs	

Preventing Harassment

The SUBARU Group has re-identified harassment of workers as a particularly key risk, and in our Human Rights Policy, we clearly state that there is "zero tolerance for discrimination and harassment." Seeking to prevent all forms of harassment, we prohibit such behavior in our work regulations, and it is also mentioned in the Compliance Guidelines and the Compliance Manual. We have prepared the Power Harassment Explanatory Booklet, and ensure that all SUBARU employees, including foreign workers, are aware of its contents.
In addition, we distribute the Power Harassment Explanatory Booklet to all managers and supervisors, and in the harassment prevention workshops for management, we engage in discussions and exchanges of opinions, drawing from both internal and external cases, to effectively address prevention.
Additionally, for departments where instances of harassment or similar issues have been identified, we are arranging training sessions led by the Risk Management and Compliance Office to prevent any future occurrences.

› Compliance Hotline

Contact for opinions and consultation services

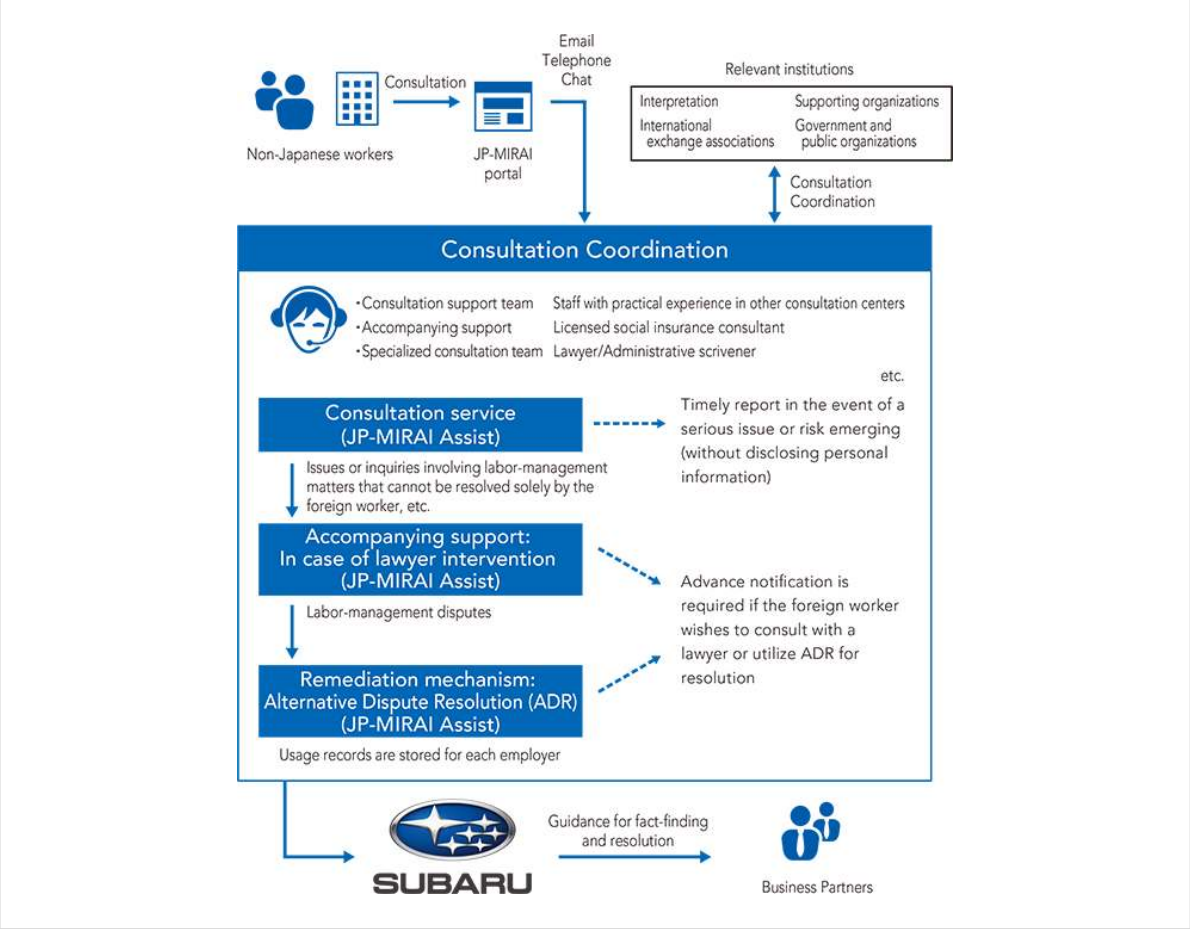
The SUBARU Group has established a system for hearing voices from a range of stakeholders.
Diverse inquiries, feedback, and grievances, including those pertaining to human rights, are handled appropriately through respective channels. We maintain the confidentiality of all submissions. There shall be absolutely no retaliation for any kind of complaint that may be made through this system.

- **For employees**
  We have set up a Compliance Hotline and a Harassment Advice Line internally and externally, creating an environment in which all employees, including those at Group companies, can receive advice. In particular, the Compliance Hotline provides consultation services in four languages (English, Chinese, Portuguese, and Spanish). We also introduced confidential online consultations in October 2022. We encourage open conversations through an easily approachable consultation system and focus on early identification and resolution of issues through internal assessments and discussions with relevant parties and stakeholders.
  › Compliance Hotline
- **For customers**
  SUBARU Customer Center: SUBARU Call has been established as a system for promptly sharing information on customer opinions and comments with relevant departments and utilizing this information to make improvements.
  We respond earnestly to inquiries about products and services as well as various other opinions and concerns. If requested by the individual submitting the inquiry, we treat the matter as confidential.
  For instance, we share the feedback received from individuals in the regions where SUBARU has its offices with the relevant departments in an effort to resolve matters.
  › SUBARU Call for Japanese customer
- **For business partners (suppliers)**
  At SUBARU, we are taking actions to promote fair trade based on the Automobile Industry Fair Trade Guidelines. As part of this effort, we have established a consultation service for promoting fair trade for business partners in SUBARU's supply chain, with the aim of early detection, prevention, corrective measures, and preventing recurrence of compliance issues. In FYE March 2023, we endorsed and cooperated with the supply chain human rights initiative, Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI), on the establishment of a consultation service for foreign workers in the supply chain in Japan. As background to this, employees of the Purchasing Division, including the general manager in charge, took part in JP-MIRAI's "Consultation and Relief Pilot Project for Foreign Workers." We continued our participation with the "Collaborative Program for Companies Responsibly Hosting Foreign Migrant Workers," which marked the full-fledged implementation of the program in FYE March 2024, targeting local business partners. We provide support in nine languages* for the consultation service, the area of the program that SUBARU is involved in. This service is available not only for non-Japanese but also Japanese workers employed by business partners. The consultation service

covers a wide range of topics, from gathering information about daily life in Japan to addressing concerns related to human rights and labor issues. For matters that cannot be resolved through the consultation service, we provide accompanying support through consultations with specialists such as lawyers, or utilize the Tokyo Bar Association's Alternative Dispute Resolution (ADR) for added assistance. This ensures a fair and transparent approach through third-party involvement. In addition to the consultation service, we offer a portal site that compiles various information for foreign workers, available as a smartphone app, making it accessible to anyone with ease. We promote awareness of the consultation service for workers by distributing flyers with QR codes to business partners and organizing briefings to explain the usage process. The overall program, including the consultation service, has been developed by taking into account the feedback and input from companies and stakeholders, including suppliers, that participated in the pilot project.

* English, Chinese, Spanish, Portuguese, Indonesian, Tagalog, Burmese, Vietnamese, and Nepali (as well as basic Japanese)

JP-MIRAI consultation service



› JP-MIRAI

Quality: Automotive Business

Our Approach

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. At SUBARU, quality enhancement is considered the foremost priority within the realm of quality. We are reviewing all business processes, from product planning and parts procurement by suppliers, to production and shipping at our plants, to after-sales service, and implementing reforms. For SUBARU, quality enhancement serves as an essential foundation for our sustainable growth. This is because it enables us to remain sensitive to changes in customers' expectations of the quality they expect from SUBARU, as well as to help us overcome this once-in-a-century period of major transformation in automotive manufacturing and become the brand that customers continue to choose for "Enjoyment and Peace of Mind."

To ensure that we become a company that resonates with and inspires trust in our customers, under the banner of our quality policy, all employees are making "quality first" their slogan. This instills a quality-first awareness as they work hard to provide high-quality products and services that will impress 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 the 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. By pursuing quality that our customers can use with peace of mind for many years to come, we will work to realize the SUBARU Group's goal of an enjoyable and sustainable society.

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.

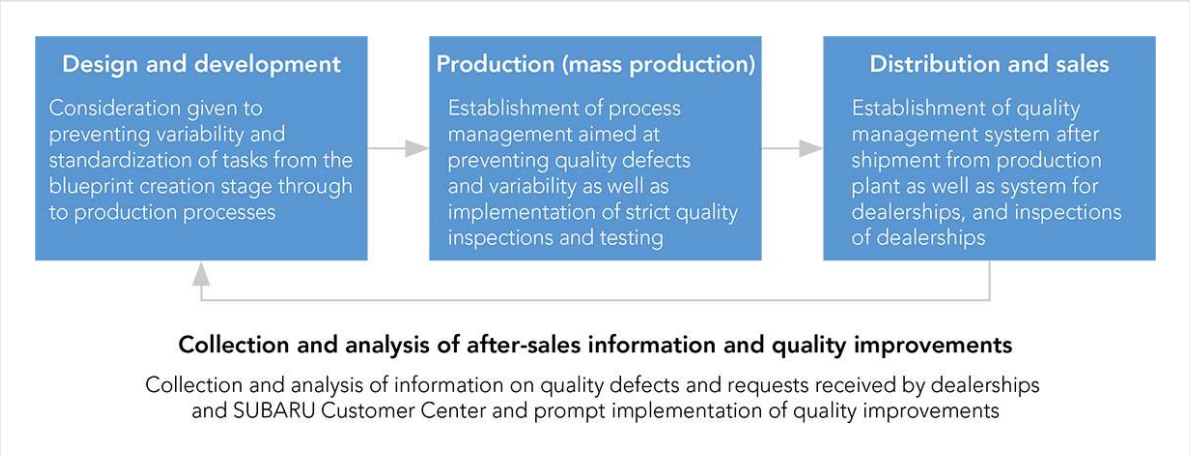
Revised in April 2019

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.

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.

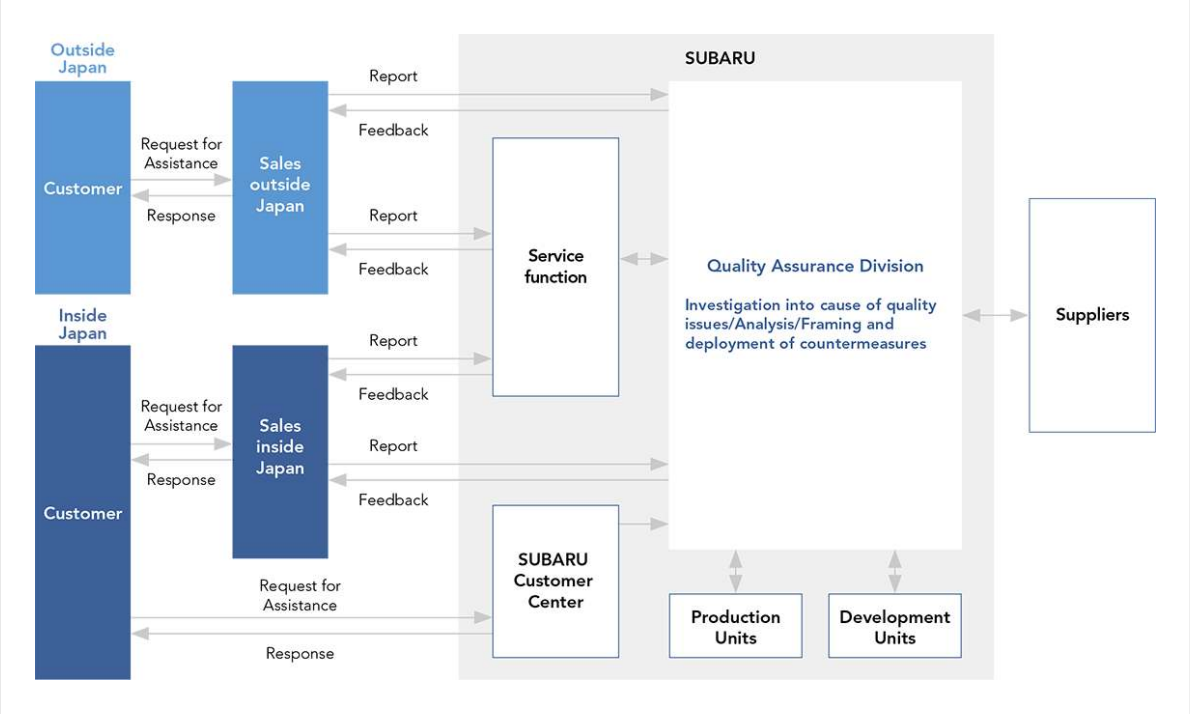
Quality Management Cycle



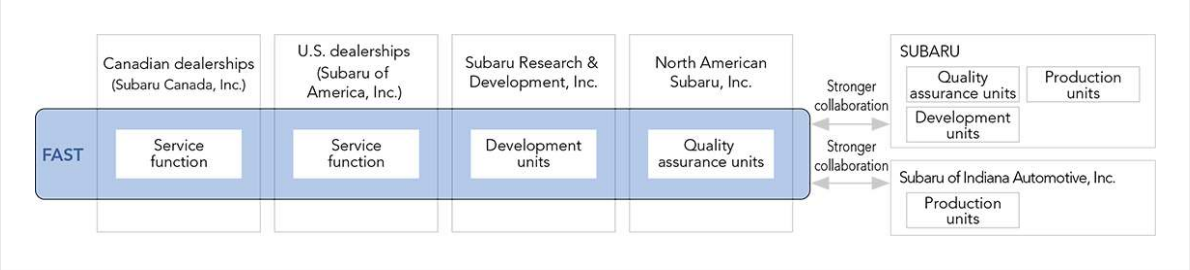
Management System

The SUBARU Group has established a quality improvement system with the 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' opinions 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.
In January 2021, we established FAST (Fast Action & Solution Team), a North American quality improvement team where quality assurance and development units at local affiliated companies in the U.S. work together with service units at dealerships in the U.S. and Canada. By strengthening cooperation between departments, immediate decisions can be made on-site, and market demands can be met more speedily.

Quality Improvement System



Structure of the FAST North American Quality Improvement Team



Initiatives

Quality Control Training

Within the SUBARU Group, quality education is provided to all employees. Quality education is provided on an ongoing and regular basis tailored to employee knowledge and experience levels, including their year of entry into the Company and their position. This instills a customer-centric, quality-first awareness, educating each and every employee so that they put quality first in their actions.
We also recognize cases at our automotive manufacturing business units where a heightened focus on quality has resulted in the prevention of issues with a quality excellence award. Information on award recipients and their achievements is disseminated throughout the Company via the intranet and other platforms.

Global Quality Meeting

At the SUBARU Group, in order to instill a quality-first awareness, we attach great importance to dialogue with dealers, as they are responsible for dealing with customers across the globe. Through technical liaison meetings held twice a year for the Japanese market, main dealerships (G8) service meetings held once or twice a year in overseas markets, and block conferences held in six regions,* we take in the views of dealers to help make decisions on the optimum means of addressing quality problems that inconvenience our customers. In FYE March 2023, we conducted regular online meetings both domestically and internationally, and in FYE March 2024, we plan to hold a combination of online meetings and in-person meetings.
In addition, in order to listen to the voice of the market and speed up quality improvement, the Quality Improvement Committee, chaired by the Chief Quality Officer (CQO) and Chief General Manager of the Quality Assurance Division, holds monthly meetings to discuss quality at the executive level in all departments. Furthermore, the North America Quality Improvement Committee, which is comprised of the North America CQO and heads of North American subsidiaries, focuses on quality in the North American market and is held several times a year.

Global Quality Meeting

* 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 annual 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 all employees 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 FYE March 2023, the caravan was held across a total of 38 days for all employees and Group company employees. We create and present videos that reproduce actual quality issues and offer straightforward explanations about recent quality concerns. The aim is to

Quality Caravan

encourage each person to internalize the issues that impact our customers as their own, thereby fostering a customer-centric, quality-first mindset. Not only are we engaging more business partners in these events, but Subaru of Indiana Automotive, Inc., SUBARU's production base in the U.S., has also been organizing events to raise global awareness of quality across the entire SUBARU Group.
Going forward, we will continue to engage in awareness activities, while enhancing the program and extending the duration, among other improvements.

Pre-Shipment Inspection

At SUBARU, rigorous inspections are conducted before shipment to prevent any defects from leaving the facility. In 2018, the operation of vehicle inspections was spun off from the traditional manufacturing organization to form the Vehicle Inspection Department under the Quality Assurance Division in order to ensure thorough inspections from a customer perspective. In addition, we set up two new facilities for final vehicle inspections to establish an environment conducive to accurate inspections through clearly defined processes. The first facility started operations in August 2022, with the second becoming operational in August 2023. By conducting rigorous inspections in a well-organized environment, we aim to deliver high-quality products that customers can use with peace of mind.

Pre-Shipment Inspection

Investigation of Defective Parts

SUBARU set up the Quality Assurance (QA) Lab to investigate defective parts for the swift resolution of any issues that arise. In the event of a defect, development and manufacturing departments collaborate to determine causes and implement solutions. In cases where pinpointing the cause is especially difficult, the Quality Assurance Division expedites defect resolution by conducting independent analysis and investigation of defective parts in the QA Lab.

QA Lab

Initiatives with Business Partners

In order to maintain and improve the quality of SUBARU vehicles, we consider it extremely important to ensure the quality of all externally purchased parts. To this end, SUBARU has been carrying out various activities to promote voluntary improvements by business partners and to maintain and improve quality together with all business partners.
As part of its regular activities, SUBARU has taken a number of actions to build a foundation on which SUBARU and its business partners can work together based on a common awareness of concepts regarding quality maintenance and improvement. This includes developing a manual for all business partners that summarizes the standards and rules for building quality and ensuring stable quality.
In addition, in order to address the ever-changing environment, we hold briefing sessions on our Quality Policy for all business partners at the beginning of each fiscal year to share information about a range of quality-related situations. KPIs are set for quality targets and key quality indicators to be achieved in the short and medium term, and we present quality improvement measures, key points for enhancing quality, and other information as concretely as possible. Through direct communication from SUBARU, we deepen business partners' understanding and build a system that can flexibly respond to changes in the environment. This common awareness of our Quality Policy enables close cooperation between business partners and SUBARU at all stages, from development to mass production, promoting integrated quality assurance activities.
As an example of our activities, we support regular voluntary audits of quality assurance systems and quality management systems at our business partners and provide advice from a third-party perspective. In addition to regular audits, SUBARU directly observes business partners' manufacturing processes and production sites. Here, we conduct audits and process checkups on an ad-hoc basis, offer proposals for productivity improvement, and otherwise engage collaboratively to further improve quality. Furthermore, by following the Advanced Product Quality Planning (APQP) process, our activities also help our business partners improve their own capabilities, contributing to overall quality improvement. These unified efforts between SUBARU and its business partners ensure the quality of externally manufactured parts.
In recent years, where the external environment has become extremely uncertain, parts supplies issues have arisen due to large-scale natural disasters and shifting world affairs. Amid this situation, we have also established support systems for our business partners in order to help quickly restore parts supplies in the event of an emergency.

Response to Recalls

The SUBARU Group takes measures to cope with recalls in order to prevent accidents, in accordance with our highest priority placed on customer safety.
We have established the Recall Committee to determine specific measures to be taken in the event of product defects that can infringe on safety or laws and regulations. This committee is chaired by the CQO and Chief General Manager of the Quality Assurance Division, and was established based on customer suggestions and defect information from around the world and in accordance with internal regulations.Any recalls are promptly reported to the relevant authorities. Affected customers are contacted by direct mail and other methods from our dealerships to encourage them to have their car repaired free of charge, with their safety and peace of mind as our top priority. We monitor the progress of market measures to ensure that improvements can be made quickly.
As of April 2023, SUBARU had no cases of violating laws and in-house regulations in regard to information provision on quality and safety.

At SUBARU, we are advancing "parts traceability" by linking the individual vehicle number with the individual part number to quickly and accurately identify vehicles equipped with defective parts. In the unlikely event of a recall, we are committed to minimizing any inconvenience to our customers through our efforts.

Recalls of SUBARU Cars

Number of Recalls and Improvements

(FYE March)

Number of Cases	2019	2020	2021	2022	2023
Recalls*1	11	13*4	8	9	5
Corrective Action*2	1	1	0	1	0
Service Campaigns*3	6	3	6	3	2
Total	**18**	**17**	**14**	**13**	**7**

*1 Corrective action implemented by automotive manufacturers, etc., for a specific range of automobiles, or tires or child car seats, of a similar type to bring the product in question into compliance with the Safety Regulations for Road Vehicles when vehicles, etc., are in a condition that suggests that they may cease to conform or do not conform to those safety regulations, and when the cause for such nonconformity lies in the design of the vehicles, etc., or their manufacturing process.

*2 Corrective action implemented by automotive manufacturers, etc., in respect of matters which, although not specified in the Safety Regulations for Road Vehicles, cannot be overlooked from a safety or environmental conservation perspective in the event that a defect should arise, where the cause lies in the design or manufacturing process.

*3 Corrective action relating to merchantability/quality in respect of a defect that is not subject to a notification of recall or corrective action.

*4 The figure includes one recall relating to Takata airbags, in which a recall notification was submitted on the basis of individual model.

Recalls in FYE March 2023 (Global)*1

Country/Region	Number of Cases
Japan	5
North America	11
Others	5
Global	13*2

*1 Information presented is internal data and may differ from data published by the respective authorities.

*2 Identical recalls conducted across multiple countries/regions are combined to count as one recall. Therefore, the global total number of recalls from all countries/regions may not equal the total number of recalls from each country/region.

Takata Airbag Recall Progress

SUBARU's progress in responding to the Takata airbag recall in the U.S. (as of May 2022) is among the highest in the industry, as shown in the table below.

Takata airbag recall progress in the U.S.

No.	Automotive manufacturer	Progress rate
1	U.S. company A	99.0%
2	European company B	97.2%
3	Japanese company C	93.8%
4	Japanese company D	93.6%
5	European company E	92.2%
6	U.S. company F	91.8%
7	SUBARU	91.7%
8	Japanese company G	91.7%
	・・・	・・・
	Industry average	**84.9%**

* From National Highway Traffic Safety Administration (NHTSA) data published April 2023

Quality: Aerospace Business

Our Approach

The Aerospace Company conducts SUBARU's aerospace business and its production activities are based on its policy of "Giving Safety and Quality Top Priority" in order to deliver "Enjoyment and Peace of Mind."

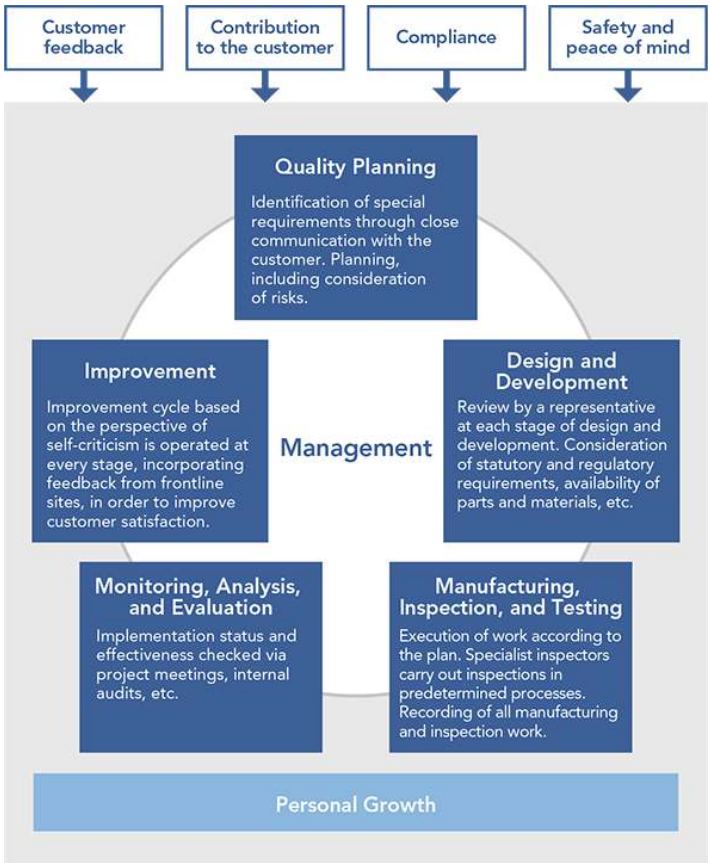
Quality Management System

Based on its policy of "Giving Safety and Quality Top Priority," the Aerospace Company has built and acts under the quality management system that conforms to the latest JIS Q 9100:2016 quality management system requirements for aviation, space and defense organizations.
In addition, it incorporated the Supplements to JIS Q 9100 (SJAC 9068) that are independently and jointly established by the Japanese aerospace and defense industries in order to prevent improper occurrences related to quality.

Quality Management Cycle

To realize products that prioritize safety and quality, the Aerospace Company undertakes quality assurance across various processes from specifying requirements in quality plans to tasks such as design, development, manufacturing, inspection, and testing. Regular project meetings are conducted for each process, typically on a monthly basis, where monitoring, analysis, and evaluation occur. The aim is to drive improvements that enhance customer satisfaction, and establish and maintain a robust quality management cycle. Additionally, the effectiveness of the quality management cycle is confirmed through regular Quality Meetings.

Quality Management Cycle



Management System

At SUBARU's Aerospace Company, the QMS Promotion Office maintains and promotes the quality management system (QMS), and also works on improving the system to enhance quality.
The Quality Assurance Department promotes the following quality assurance activities covering product manufacture, repair, sales, and service, and rolls them out to relevant company departments and suppliers.

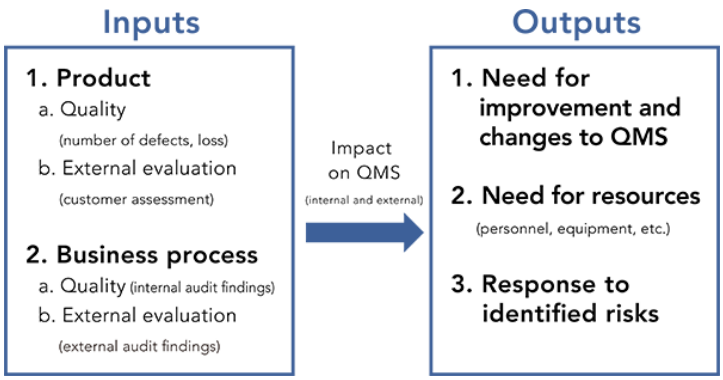
- Gather customer feedback
- Identify quality-related issues
- Investigate the root causes
- Formulate measures to deal with them

Initiatives

Quality Meetings

The Aerospace Company routinely holds Quality Meetings to verify the adequacy of the quality management cycle. Drawing from analyses regarding product and operational processes from diverse perspectives, encompassing quality and external assessments in such areas as customer satisfaction and external audits, the Aerospace Company deliberates on changes to the Quality Management System (QMS), resource requirements, and strategies for addressing identified risks.

Inputs and Outputs in Quality Meetings



Quality Assurance Training

As part of employee training, we conduct "Quality Education" related to quality assurance for all employees or those involved in specific departmental tasks. In addition, we provide basic training and skills training for inspectors responsible for conducting product inspections.

Major Education Training Programs

Course Topic		Target	Frequency
Quality Education	Basic manners training for inspectors Techno-school	Inspectors	Once a year
	Quality refresher training	Mainly manufacturing employees	Twice a year
	Human factor training	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	Aeronautical safety training	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	Education for employees in certified workplaces	Mainly Employees in Civil Aeronautics Act-certified workplaces	Once a year
	QMS consolidation training	All employees	Twice a year
Basic Training for Inspectors	New accreditation/periodic renewal training	Inspectors	Upon accreditation / every three years
	Skills enhancement training for inspectors	Inspectors	Once a month
Skills Training for Inspectors	Techno-school	Inspectors	Ten times a year

Four Rules Activity

To bring happiness to our customers, to carry out our social responsibilities, and to achieve growth, each member of the Aerospace Company remains aware of our work rules (procedures, basics). When we find that the rules are difficult to follow, unclear, or out of step with the times, we all work together to improve them, rather than leaving the burden to one person. Through this activity, we strive to increase the quality of our work.

The four rules

In the work you are doing today

1. Are there any rules (procedures, basics)?
2. Are you following the rules?
3. Is there any room for improvement?
4. Are you discussing with someone about workplace improvements?

Quality Month Events and and Improvement Initiatives

In the Aerospace Company, every November is designated as Quality Month, where we give awards to employees who have contributed to improving quality and pamphlets are distributed to educate all employees on quality.
With the aim of fostering a culture of employee creativity and improvement, we established improvement activity debriefing sessions and the Improvement Proposal System, where employees can propose improvements to their own or other departments throughout the year. This demonstrates our commitment to developing and implementing proactive improvements and evaluating their effectiveness.

Making Safe Vehicles

Our Approach

The SUBARU Group believes that a car is more than just a means of transport, but rather a partner that enriches people's lives by understanding and meeting their expectations.
SUBARU's DNA comes from our origin as an aircraft manufacturer, and has a focus on people. We think about what is important to people who use cars, and develop products with the necessary functions and performance.
"Focus on people. Think about what is important to people who use cars. And create new value with cars." We believe that this is what the SUBARU Difference means.
Having roots in the aircraft industry, we have, for more than half a century, consistently engaged in automotive manufacturing with maximum emphasis on safety performance, attaching particular importance to protecting lives in order to ensure that each and every one of our customers experiences "Enjoyment and Peace of Mind." In our pursuit of vehicle safety performance from all perspectives, we are honing our unique safety technologies in the four areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, plus Connected Safety, based on SUBARU's overall safety philosophy, which focuses on delivering the world's highest standard of safety and peace of mind for all passengers. In the future, we will further evolve this intelligence and combine advanced sensing technologies with the judgment capability of AI, improving safety in all situations.
The SUBARU Group's goal of Making Safe Vehicles will be achieved through an advanced fusion of our initiatives for Peace of Mind and People-oriented Car Culture, two of our Six Priority Areas for CSR. We are making efforts to enhance safety and peace of mind by setting a target of achieving zero fatal traffic accidents in 2030*. As such, we are engaged in the development of vehicles that will enable us to eliminate traffic accident deaths.

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

Management System

In order to further accelerate its new technology development, including safety technology and electrification for making products more environmentally friendly, SUBARU has changed its development systems based on SUBARU's overall safety philosophy, which focuses on delivering the world's highest standard of safety and peace of mind for all passengers. In this change, it has pivoted from a system based on functional organizations (e.g., vehicle bodies and power units) to an organic combination along value and functional axes.

* For more details regarding SUBARU's car manufacturing systems, please see Environmentally Friendly Automobiles: Management System.

› Environmentally Friendly Automobiles: Management System

Aiming for Zero Fatal Traffic Accidents in 2030

SUBARU has four safety areas. Primary Safety involves design that allows for a good field of vision and does not make the driver or passengers feel tired. Active Safety is controllability that allows a driver to avoid an obstacle that is in front of them, and to continue driving after avoiding it. Preventive Safety refers to pre-crash braking, as represented by EyeSight. And Passive Safety involves damage mitigation to protect the driver and passengers in the event that an accident does occur. By polishing these four safety areas, we intend to achieve a low rate of fatal traffic accidents in the real world.
SUBARU's intention does not lie in changing everything to automatic, but rather in "Respect of what humans are good at and leave what humans are not good at to automobiles for safe transportation." With this idea, SUBARU has polished our driver assist technology. Going forward, the evolution of Advanced Driver Assistance System (ADAS) will make it possible to slow down and avoid collisions in high-speed zones and on large bends, which is expected to be of further assistance in preventing and mitigating accidents. At the same time, the current situation reveals an issue where approximately 30% of fatal traffic accidents, primarily caused by no-fault accidents, remain unsolved. We also recognize the challenge of responding to more severe forms of accidents, such as collisions involving cyclists.

Facing these problems, SUBARU is aiming to achieve zero fatal traffic accidents in 2030 by applying our intelligence technologies in the fields of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, plus Connected Safety.

Achieving a Low Rate of Fatal Traffic Accidents in the U.S. and Japan

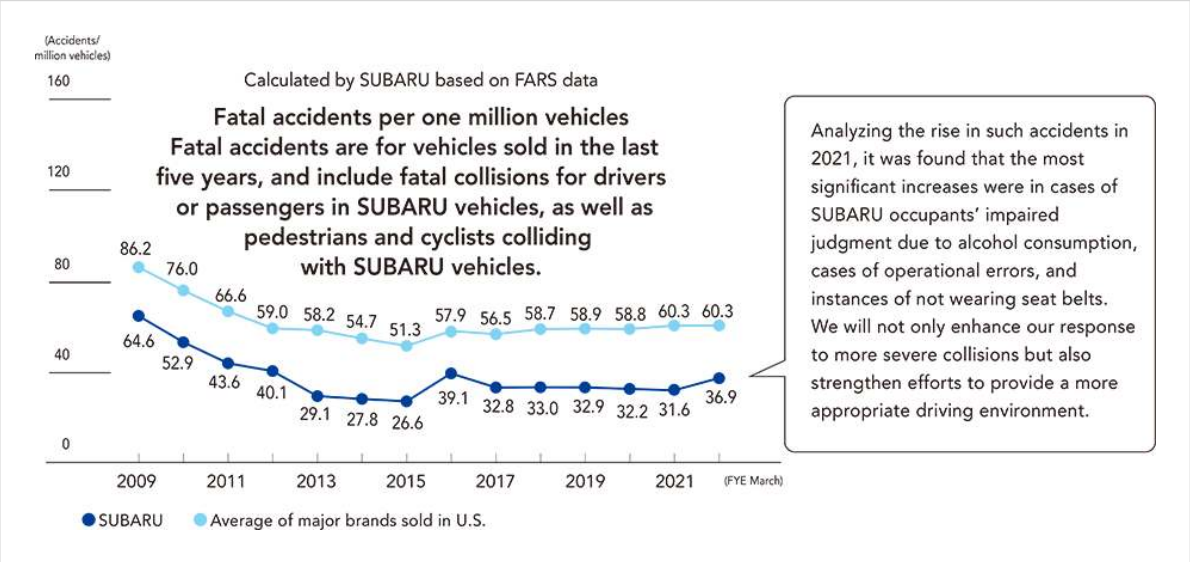
From FYE March 2009 to FYE March 2022, we carried out an investigation on the number of fatal traffic accidents involving SUBARU cars sold in the U.S., a major market, and those sold in Japan. In the U.S., SUBARU cars have maintained a rate of fatal traffic accidents that is lower than the average for major selling brands in the U.S. for 14 consecutive years*. In Japan, SUBARU cars also show a rate of fatal traffic accidents that is lower than the average for other auto manufacturers in the country for 14 consecutive years.

* These calculations were made independently based on data from the Fatality Analysis Reporting System (FARS) of the U.S. and the Institute for Traffic Accident Research and Data Analysis (ITARDA) of Japan.

› SUBARU's Overall Safety > EyeSight (Japanese version only)

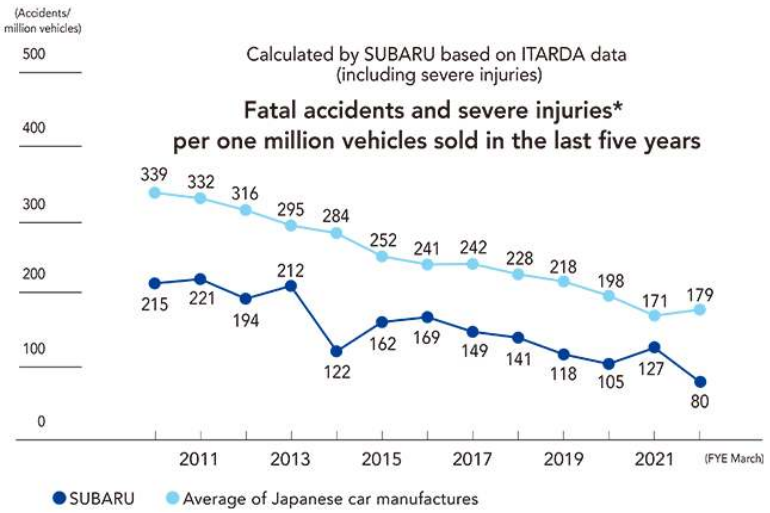
› Six Priority Areas for CSR: TOPIC 03 Peace of Mind

Facts about Fatal Traffic Accidents in the U.S.



Calculated by SUBARU based on FARS data
Fatal accidents per one million vehicles sold in the last five years
Average of 13 major brands sold in U.S., including SUBARU (excluding trucks and large SUVs)

Facts about Fatal Traffic Accidents and Severe Injures in Japan



Calculated by SUBARU based on ITARDA data (including severe injuries)
Fatal accidents and severe injuries* per one million vehicles sold in the last five years
Average of eight Japanese car manufacturers, including SUBARU (including light vehicles but not trucks)

* Fatal accidents: Incidences where the victim died within 24 hours of the initial event.
Severe injuries: Includes general cases of severe injury.

Initiatives

Primary Safety

SUBARU's predecessor was an aircraft manufacturer. With aircraft, it is necessary to pursue "accident-free vehicle" design, as even a slight error in operation or judgment can cause a severe accident. Inheriting the philosophy of safety, SUBARU focuses on the primary design such as surface and operation, thereby we pursue clear, useful, and comfortable space where the driver can concentrate on driving easily.

Visibility Optimized for Every Condition

Early detection of danger can help avoid accidents. SUBARU has concentrated efforts on minimizing blind spots and improving visibility even under difficult conditions such as driving in rain or at night.

Optimal Driving Position

Optimal driving position allows drivers to move naturally, reducing fatigue and helping to improve safety and comfort while driving. It also helps the driver to steer the car precisely for taking evasive action when the risk of an accident occurs. SUBARU's cockpit is designed to be adjusted so that every driver can find their optimal driving position.

Intuitive Interface

Drivers can sometimes have a lapse in concentration when checking the navigation screen or adjusting the air conditioning. To prevent this from happening, SUBARU has designed an interface layout that is easy to use. For example, the navigation screen is placed so that the driver does not need to shift their line of vision too far, while the air-conditioning system and audio controls use switches that allow for intuitive operation so that drivers do not have to take their eyes off the road.

› Technology: Primary Safety (Japanese version only)

Active Safety

For SUBARU, "driving" means more than simply delivering enjoyment. It is an important factor in increasing safety.
To make it possible to avoid the situation safely if an accident occurs. To be able to drive safely in various weather conditions and road surfaces, the same way as during normal conditions. SUBARU has fine-tuned all the basic functions of a vehicle—driving, turning, and stopping—to develop vehicles that offer exceptional stability and predictable control in the most challenging conditions, which makes cars safer and more trustworthy.

Driving Stability

On the foundation of outstanding core performance, SUBARU tempers the body and suspension of its vehicles along with employing vehicle control devices that increase drivability, creating stable driving that provides peace of mind to drivers and passengers.

Line Traceability

Imagine being able to drive into a slippery corner on a snowy or rainy day without unpredictable car movement, turn exactly as intended through the corner, and head out of the corner smoothly. SUBARU includes a number of functions that make smooth cornering a reality.

Braking Performance

Braking performance is directly related to a car's safety, particularly its hazard avoidance capabilities. SUBARU goes beyond polishing such performance, also placing great focus on peace of mind. Brakes that provide peace of mind work as predicted every time. SUBARU repeatedly tests in all environments and on all road surfaces in our quest to deliver brakes that are easy to operate regardless of weather and that react quickly at the critical moment.

› Technology: Active Safety (Japanese version only)

Preventive Safety

Our ultimate goal is to eliminate traffic accidents. To achieve this goal, SUBARU has spent more than 20 years developing driver assistance systems. The inexpensive and highly practical EyeSight has become widespread in markets around the world, pioneering advanced safety technology. In 2020, EyeSight was reborn to help aid our goal of zero fatal traffic accidents in 2030.

EyeSight Core Technology

We have revamped our stereo cameras at the core of EyeSight's driver assistance. In this upgraded system, viewing angles are wider and image recognition is improved, giving it better-than-ever capabilities to distinguish cars, pedestrians, road lines, and other elements while driving. Thanks to improved control performance, driving SUBARU cars is now smoother and safer than ever before. Furthermore, with these new stereo cameras as a core driver and combined with four radar sensors on the front and rear of the vehicle, plus rear sonar, our system can monitor the car's entire surroundings. This offers support to drivers in a greater variety of situations and a higher level of safety. Beginning with the Levorg in FYE March 2021, we have expanded the lineup of vehicles equipped with this technology, including the WRX, Outback, and Forester in FYE March 2022, and the Crosstrek and new Impreza in FYE March 2023.

Collision Avoidance Support

Our new stereo cameras greatly expand the usable scope of pre-crash braking. It protects drivers and passengers in tense situations on the road, like oncoming vehicles, crossing pedestrians, or crossing bicycles during a turn, or vehicles approaching from the front. Approximately 40% of vehicle-to-vehicle accidents occur in situations like these. We believe our system significantly mitigates these traffic accidents.
To further improve our collision avoidance performance, we have newly adopted a wide-angle single-lens camera in the Outback, Ascent, Crosstrek, and new Impreza. Utilizing an even broader field of view than the new stereo camera, the wide-angle single-lens camera enables collision avoidance and reduces the potential for harm in scenarios involving head-on encounters with cyclists and incidents involving pedestrians. The system will be incorporated in the Levorg, WRX, and Levorg Layback in FYE March 2024.
The EyeSight system will also be equipped in the BRZ manual transmission model in FYE March 2024. By offering high-performance collision avoidance assistance to a broader range of customers, we have taken a significant step toward achieving zero fatal traffic accidents in 2030.

Reducing Operating Burden

SUBARU believes that reducing operating burden leads to greater safety.
In 2020, EyeSight X was born, an evolutionary advance from our EyeSight system. This new system combines high-precision 3D maps and satellite positional data to recognize road conditions well ahead of the vehicle, beyond the detection range of stereo cameras and radar. These high-precision 3D maps constitute an important element technology at the heart of next-generation driver assistance. SUBARU was one of the first among automotive companies to apply this technology and bring it to market. It helps reduce driver burden especially on long hauls, offering a luxurious touring experience. It does this through a variety of features, including speed control at optimal levels just before curves and toll booths, active lane change assistance, and assistance during traffic congestion, including hands-off and start-and-stop support. Our ongoing efforts to expand the integration of the EyeSight X system include its implementation across all grades of the Outback for the Japanese market in FYE March 2022 and for all grades of the Levorg, WRX, and Levorg Layback, also for Japan, in FYE March 2024. We are committed to offering comfortable transportation to a wider range of customers.

Support for Safe Driving

We are also expanding the implementation of the Driver Emergency Support System to prepare for unforeseen circumstances. If the driver's hands come off the steering wheel for a long time while Active Lane Keep is engaged, or when the system detects a distracted or drowsy driver while hands-off congestion driving assistance is active, it will warn the user. If the driver does not move the steering wheel even after the warning, the system determines that an emergency situation is underway, activating hazard lights and the car horn to inform nearby vehicles of the situation and gradually slowing the vehicle to a stop. Introduced for the first time in the Levorg released for the Japanese market in FYE March 2021, this system was also incorporated into the WRX and Outback for Japan in FYE March 2022.

The Crosstrek and new Impreza for the Japanese market are equipped with features that are integrated with SUBARU STARLINK. When the Driver Emergency Support System is activated, it automatically connects to a call center, allowing for quicker response in an emergency.

Improving Visibility

We have enhanced our Multi-View Monitor reducing the size of blind spots around the vehicle. Synthesizing digital camera footage from front, rear, left, and right perspectives allows for a comprehensive view of the vehicle's surroundings on a single screen. The perspective can also be changed to a top-down view and a 3D view that allows the driver to check the surroundings when entering and exiting the vehicle, effectively minimizing the driver's blind spots to nearly zero. The Crosstrek and the new Impreza come equipped with this technology, and starting from FYE March 2024, the Levorg, WRX, and Levorg Layback for the Japanese market will also feature it.

› Technology: Preventive Safety (Japanese version only)

Passive Safety

Since the time of "SUBARU 360," when we started mass production, SUBARU has positioned safety as one basic function that cars should have. Also, we have been performing our own original damage mitigation tests that include protecting pedestrians since the 1960s—a time before thinking regarding damage mitigation had yet to be fully instilled. SUBARU's damage mitigation functions take into consideration not only the driver and passengers, but also pedestrians as well as the possibility of harm to the occupants of other vehicles. They have received high evaluations both in Japan and around the world.

New Ring-Shaped Reinforcement Frame

SUBARU has a uniquely safe body design. In the cabin, the pillar and frame combine to form a "cage." The purpose of this is to protect from deformation regardless of the angle from which the vehicle is struck. A relatively crushable zone is provided to disperse and absorb the shock of a powerful impact. This gives SUBARU vehicles high collision absorption performance against impacts from any direction.

Front-end/Rear-end Collisions

Even small components can become as deadly as weapons when receiving the powerful force of a collision. Based on that fact, SUBARU equips its vehicles with a horizontally-opposed engine, which has the advantage of being able to effectively absorb the energy from a collision. During a front-end collision, not only can it easily slip under the floor, but the frame that absorbs the shock can extend symmetrically as well as straight. Each component of the cabin is made of shock-absorbing materials in order to protect lives.

Side Collisions/Rollovers

To protect the driver and passengers during a side collision, an extremely rigid side door beam is installed in the door. In addition to that, the new high-rigidity Ring-Shaped Reinforcement Frame protects the cabin space during a collision or rollover. Furthermore, several kinds of airbags and energy-absorbing materials line the entire car, protecting every person inside the cabin.

Protecting Pedestrians

SUBARU strives to protect not only our drivers and passengers but also pedestrians.
For example, our horizontally-opposed engines have a wide energy absorption space between the front hood and engine unit. This reduces damage from being struck by the top of the hood, which is a highly probable head injury for pedestrians. Furthermore, our cars are designed to absorb the shock from components such as the hinge and hood stay. SUBARU's four safety areas, which take into consideration all forms of safety, can be found in all of our designs and initiatives, and have been carried over to our BEV. As an example, we were the first Japanese automobile manufacturer to install pedestrian protection airbags, which have now been equipped in six models.

Safety Recognized around the World

SUBARU's damage mitigation features have received high evaluations in safety assessments from countries all around the world.

› Technology: Passive Safety (Japanese version only)

Connected Safety

We use connection technology and data based on SUBARU's four safety areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety, and develop new technologies and services to further pursue safety. Our vehicles feature the Advanced Automatic Collision Notification (AACN) system. In the event of a collision that triggers the airbags, it automatically connects to a call center and coordinates with the police, emergency services, and medical institutions, aiding in more speedy rescue activities. In addition, SUBARU's mass market car models are equipped with the Driver Monitoring System, which attentively watches over the state of the driver. It detects when the driver looks away or shows signs of sleepiness, and sends an alert. Going forward, we will couple it with various controls.

Car Assessments

SUBARU undergoes safety performance testing and assessment of public organizations in and out of Japan including JNCAP in Japan, IIHS*1 in the U.S., and Euro NCAP*2 in Europe, and has gained the highest rank of assessment in most of them.
In FYE March 2023, the Solterra won the JNCAP Five Star Vehicle Safety Performance 2022 Award, the highest rating in the JNCAP. At the IIHS, as of May 2023, three of SUBARU's 2023MY (model year) vehicles had won the organization's 2023 TOP SAFETY PICK+ (TSP+) Award, and two vehicles had won its 2023 TSP Award. In addition, the Legacy, Outback, Ascent, Forester, WRX, BRZ, and Solterra received the highest rating of "Good" in the IIHS Seat Belt Reminder evaluation test, a program launched in March 2022. Euro NCAP gave the Solterra a five-star rating in its 2022 assessment.

*1 IIHS: Insurance Institute for Highway Safety

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

FYE March 2023 Commendations

Assessed Automobiles	Assessment Organization	Assessment
Solterra	JNCAP, Japan	Vehicle Safety Performance JNCAP Five Star Award 2022
2023 models of the Outback, Ascent, Solterra (built after October 2022)	(U.S.-specification models only) IIHS, U.S.	2023 TSP+ Award*
2023 models of the Legacy and Forester	(U.S.-specification models only) IIHS, U.S.	2023 TSP Award*
Solterra	Euro NCAP, Europe	2022 Five-star rating

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

Safety Is Our DNA

Since its founding, the core of the SUBARU Group, an organization with roots in the aircraft industry, has been to put people first and to engage in people-oriented manufacturing. We believe that safety is the most critical basic function for cars. Since the launch of SUBARU 360 more than half a century ago, we have passed this belief on as an element of our company DNA, making relentless efforts in every era to perfect the most essential functions of a car—driving, turning, and stopping—reflected in our unique engineering know-how, including all-around safety performance. Looking to the future, SUBARU will continue to engage in automotive manufacturing with a philosophy of "All-Around Safety" and maximum emphasis on safety performance.

› The technology that makes SUBARU different: enjoyment and peace of mind: enjoyment and peace of mind

SINCE 1917 Ensuring Safety for Pilots

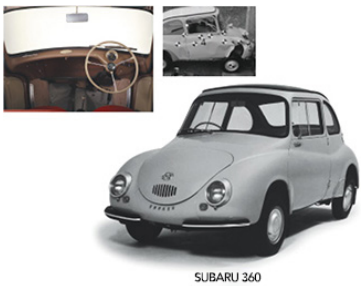
Our DNA of Safety is Inherited from Aircraft Development

At the core of SUBARU's safety development expertise lie traits acquired from developing aircrafts. With aircraft, the implementation of ideas and countermeasures within the vehicle's basic structure prevents the onset of danger. One indispensable safety feature of aircrafts is the ability for the pilot to be able to secure an all-around unobstructed line of sight. This approach to safety has not diminished even after SUBARU moved into automobile manufacturing.

SINCE 1960 Ensuring Safety for Drivers

Going ahead of the Times: Developing a Vehicle Body for Collision Safety Based on All-Around Safety

SUBARU 360 had played an important role in expanding the popularization of automobiles during the period of high economic development. SUBARU has dedicated itself to developing vehicle bodies for collision safety following the principle of All-Around Safety–effectively absorbing shock from collisions in all directions and protecting the driver and passengers with a cabin structure of robust strength–since that period. SUBARU pushed forward independent research on car body structure and how it affects human body, and pursued superior collision safety technologies ahead of the times.


SUBARU 360

SINCE 1970 Ensuring Safe Driving, Turning, and Braking

Developing Proprietary Technologies for Enhanced Driving Safety

Fundamental automobile performance in terms of driving, turning, and braking differs significantly depending on the location of the center of gravity and the type of drive train. A low center of gravity and a drive train that delivers power to all of the wheels give constant stability when driving.
In 1966, we launched the SUBARU 1000—a FWD vehicle with a horizontally-opposed engine—and, in 1972, the 4WD SUBARU Leone. Since that time, SUBARU has continued to pursue safe and stable driving performance with our proprietary technologies.

Horizontally-opposed engine (Boxer engine)

AWD
4WD SUBARU Leone
SUBARU 1000

IN THE 1980s & 1990s Ensuring Safety for Drivers and Passengers

Legacy Launched. Development of Driving Assistance Systems

Our flagship Legacy model set a world speed record in January 1989 for 100,000 km of continuous driving, demonstrating both reliable driving performance and mechanical endurance. Furthermore, SUBARU commercialized Active Driving Assist (ADA), a driving assistance system using stereo cameras which was the predecessor of our current EyeSight technology.

IN THE 2000s & 2010s Ensuring Safety for Everyone

Commercialized EyeSight

Making the Latest Advanced Safety Features Standard Equipment on All Vehicles

SUBARU commercialized our EyeSight technology, featuring stereo cameras constantly surveying the area forward of the vehicle and warnings and pre-crash braking functions for mitigating damage from accidents. In 2017, we began fitting vehicles with the new Touring Assist function, extending the minimum speed at which Lane Keep Assist can operate from 60 km/h to 0 km/h.
Moving forward, SUBARU is engaging in development for even more leading-edge technologies.

The SUBARU Global Platform

Achieving new levels of both comfort and maneuverability

The SUBARU Global Platform has brought about driving dynamics lending enjoyment to operating its vehicles. This has been achieved by top-class passive safety performance recognized by global safety assessments, as well as driving quality achieving new levels of comfort and maneuverability and top-class vibration reduction thanks to stability, as well as low noise.

FROM THE 2020s Next-Generation EyeSight, EyeSight X

Evolutionary innovation in EyeSight

The next-generation EyeSight system enables 360-degree sensor capabilities from the wide-angle stereo camera and four radar units located at the front and rear of the vehicle. This contributes to safe driving in an even wider range of situations, like encounters with vehicles, pedestrians, and bicycles at intersections with poor visibility and when turning left or right. Stereo cameras, which can measure distance in the same way as the human eye, can distinguish between vehicles, pedestrians, and road lines. The system boasts high recognition performance with its wide viewing angle and viewing distance. The software, which functions as the "brain" of the system, takes this information and the state of the vehicle's operation to determine the necessary controls, executing these in a manner that fits the situation, supporting safe driving with peace of mind and comfort. Furthermore, EyeSight X achieves a new dimension of advanced safety technology with its newly developed system utilizing the QZSS "Michibiki" satellite system, GPS, and high-precision map data. Starting with the 2022 release of the Crosstrek, the addition of an ultra-wide-angle single-lens camera significantly reduces blind spots while driving. With EyeSight functioning as a third eye, this development takes another step toward a future of zero fatal traffic accidents.
Furthermore, in 2020 we established the AI development hub, SUBARU Lab, in Shibuya, Tokyo, where we are actively engaged in research and development to enhance safety by integrating the judgment capability of AI into stereo camera technology.

EyeSight Performance

Cumulative global sales of vehicles equipped with EyeSight reached five million units[*1] in June 2022.
With the superior recognition capabilities of its stereo camera technology, EyeSight has consistently been awarded top safety ratings by independent agencies from Japan, the U.S., Europe and other places and has contributed to strengthening SUBARU's preventive safety performance over the years. A study by SUBARU based on data from Japan's Institute for Traffic Accident Research and Data Analysis (ITARDA) has revealed the accident rate of EyeSight-equipped vehicles is as low as 0.06% in Japan[*2] while a study conducted by Insurance Institute for Highway Safety (IIHS) has found the system reduces rear-end crashes with injuries by up to 85% in the U.S.[*3]

*1 Based on 2021 global sales. Excludes OEM vehicles from other companies.

*2 Calculated by SUBARU based on the number of SUBARU vehicles equipped with EyeSight (ver.3) sold from 2014 through 2018 (456,944 units) and ITARDA data (259 rear-end crashes).

*3 Based on IIHS reporting data as of January 2017 from MY2013-2015 SUBARU models equipped with EyeSight through 2014 in the United States.

FROM THE 2020s Evolution of the SUBARU Global Platform

Evolving ourselves to the next stage, in pursuit of our ideals

In order to bring the performance of the SUBARU Global Platform to an even higher level, we have adopted new full inner frame construction technology to enhance rigidity across the entire body. This has dramatically improved body rigidity.
Following the philosophy of the SUBARU Global Platform, we have adopted the newly designed the EV-dedicated platform, e-SUBARU Global Platform, starting from the 2022 release of the Solterra. Based on a chassis with a symmetrical layout, we have integrated SUBARU's expertise into components such as suspension and electric power steering. This approach ensures that from the moment it sets into motion, everyone can experience SUBARU's unique agile and comfortable driving feel, providing "Enjoyment and Peace of Mind" in our BEV.
Going forward, we are also working to evolve the very basis of our vehicles, that being the platform that leads to all kinds of performance improvements, such as driving performance, comfort, and passive safety.

Initiatives in the Aerospace Business

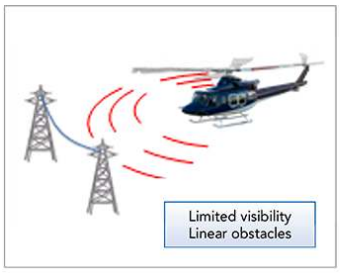
SUBARU has created a future vision and technology roadmap for obstacle detection systems and lightning-resistant technology with the aim of developing safety technology for aircraft to detect and avoid obstacles and lightning strikes. Moving forward, we will continue to provide safety and peace of mind in the skies through our obstacle detection systems and lightning-resistant technology.

Research on Obstacle Detection Systems for Ensuring Helicopter Flight Safety

Helicopters possess distinctive capabilities such as hovering and the ability to take off and land without requiring a runway, unlike fixed-wing aircraft. These traits are crucial for rescue operations in disaster-stricken areas and mountainous terrain, where tasks in confined spaces surrounded by obstacles such as trees, transmission towers, and cliffs are often required. In areas surrounded by obstacles, factors such as changing wind direction and reduced visibility can inadvertently lead to unintended approaches toward these obstacles. In the worst-case scenario, there's a possibility of contact and even a crash, highlighting the increased awareness of the hazards posed by obstacles.
Various safety devices are incorporated into aircraft, including helicopters, enabling them to detect and avoid a range of hazards. However, they may not cover all potential risks. For this reason, SUBARU is actively engaged in the research and development of obstacle detection systems as part of efforts to eliminate collision accidents.
Obstacle detection systems utilize sensors to detect surrounding obstacles in real-time, particularly in situations with narrow spaces or potential collision risks during adverse weather or poor visibility conditions. They alert the pilot through display and auditory warnings, providing assistance for safe avoidance maneuvers. In the future, the aim is to achieve pilot assistance that enables automatic maneuvering to avoid detected obstacles.

Obstacle Detection System

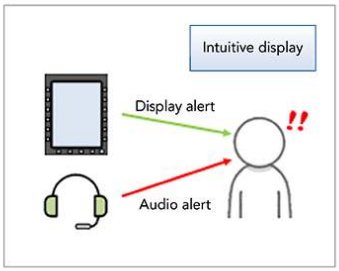
Obstacle detection while hovering



Obstacle detection while moving forward

Obstacle detection in adverse weather and poor visibility

Helicopter (aircraft) pilots operate while monitoring a plethora of instrument data. As such, effectively communicating detection information to pilots is vital, and ongoing research is focused on presenting it in a manner that improves perceptibility without burdening their cognitive load.



Display to pilot

We are researching pilot assistance systems that utilize autopilot-assisted contact and collision avoidance in addition to providing displays to the pilot.

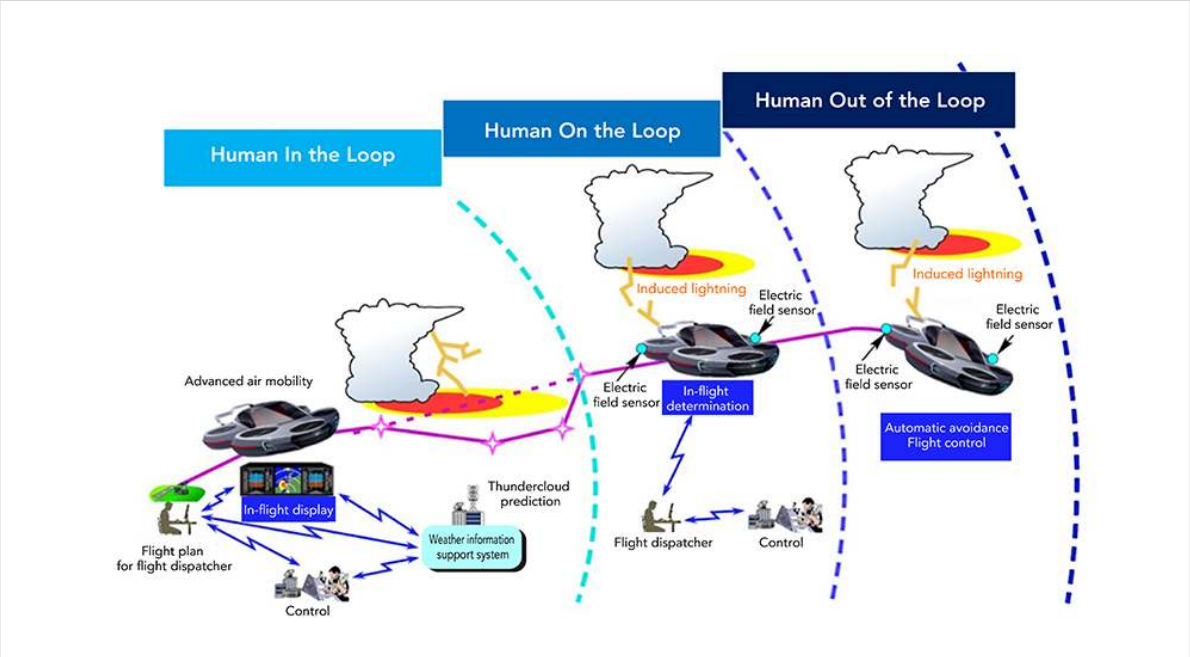
Pilot assistance

Research on Lightning Avoidance Systems for Aircraft and Next-Generation Mobility

In recent years, there has been a growing emphasis on the development of advanced air mobility projects, such as flying cars and drone deliveries, contributing to a potential increase in airborne mobility. However, as cars also take to the skies, approaching thunderclouds can lead to an increase in electric fields, raising the potential for lightning strikes. Modern aircraft are engineered to maintain safe flight even in the event of lightning strikes. Nevertheless, the areas impacted by lightning strikes necessitate repairs, prompting the pursuit of technologies that either mitigate damage or prevent lightning strikes entirely. SUBARU is actively engaged in research aimed at avoiding lightning strikes, which can also be applied to advanced air mobility solutions.

Weather data may detect the distribution of thunderclouds, but accurately predicting where lightning will strike remains challenging. As a result, there is a growing need for aircraft to possess systems capable of preemptively detecting and avoiding lightning. SUBARU partnered with Japan Aerospace Exploration Agency (JAXA) to conduct experiments and analyses on discharge characteristics concerning aircraft model simulations. This research revealed the potential for variations in the susceptibility of lightning strikes based on the direction of lightning, the aircraft's angle, and the generation of static electricity on the aircraft. In addition, an algorithm has been developed that uses sensor information installed on the aircraft to predict lightning strikes on the aircraft's surface. Moving forward, the focus will be on verifying this algorithm and refining it to offer supportive information to pilots. Additionally, the aim is to develop and offer aircraft designed to avoid lightning strikes by controlling the aircraft's state, encompassing advanced air mobility solutions.

Steps from Lightning Prediction to Lightning Avoidance



Our Approach to Human Capital

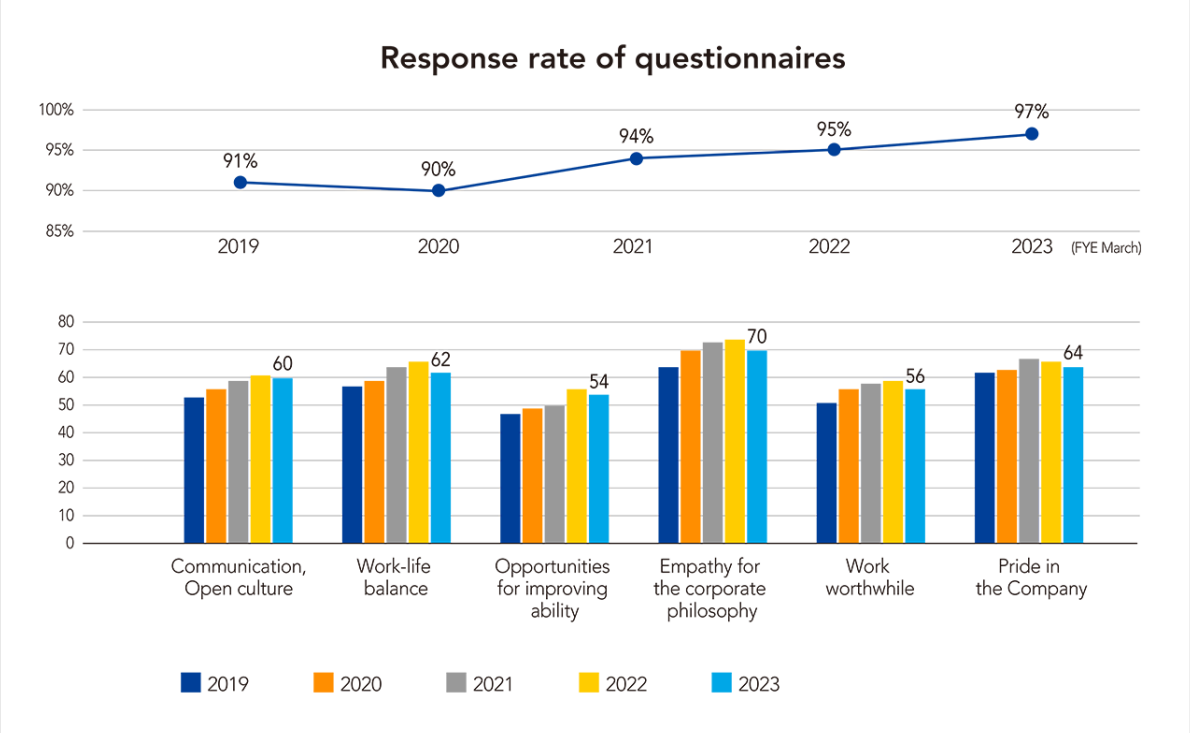
Our Approach

Our aim is to create human resources who will provide "Enjoyment and Peace of Mind" to customers, and therefore "Deliver Happiness to All."

In the rapidly changing business environment, the SUBARU Group is committed to human capital management with the approach that the human resources that drive our operations are the foundation of our competitiveness and sustainable growth.
We believe that creating competitiveness comes from linking the growth of the individual, in which people think and act on their own initiative in response to various changes, to the growth of the organization. To achieve this, we have been taking a range of actions focused on encouraging autonomy, polishing individual ability, and building empathy, under priority themes such as human resource development and corporate culture reforms, with the goal of building human resources who will lead the future of SUBARU.
In order to be a powerful driver of the impending wave of vehicle electrification, we will use our new management structure to further deepen these efforts and build an environment where these innovation leaders, who will bring about "monozukuri innovation" and "value creation", can fully demonstrate their abilities. By linking the growth of the individual to the growth of the organization in this way, we will continuously strive toward our vision of becoming a company "delivering happiness to all."

Employee Attitudes Survey

SUBARU conducts the Employee Attitudes Survey to assess changes in employee awareness and the workplace environment using objective data, and utilizes its results as a KPI for the evaluation of the Company's efforts. Survey results are also used to identify issues and formulate countermeasures at each workplace, and are utilized in personnel policies and corporate culture reform efforts. Evaluation results become part of our PDCA cycle, part of our efforts to become a company "delivering happiness to all."
Employee engagement (employee satisfaction rating) is a rating in the Employee Attitudes Survey that reflects fulfillment from work and pride in the company. We are implementing various initiatives aimed at boosting this rating to 70% by 2025. This indicator has also been used in qualitative (non-financial) evaluation for executive compensation since FYE March 2023.
In the FYE March 2023 survey, employee engagement results showed a downward trend (from 50% to 47%), due in part to instability in the global economy and social conditions. Survey participation was strong, with 97% of all regular employees responding in FYE March 2023. Our analysis of the FYE March 2023 survey suggests that the impact of temporary factors such as poor performance due to unstable operating conditions during the COVID-19 pandemic and uncertainty about future market conditions led to the lower overall score. In FYE March 2024, we will work toward greater employee understanding by providing them with timely and easy-to-understand information on SUBARU's future strategies and on its management, as well as by creating opportunities for dialogue, as part of our efforts to eliminate uncertainty about the future.



Risks in Securing and Training Human Resources

In securing human resources, we are hiring more aggressively than ever in specialized areas such as electrification, evolution of advanced safety technologies, and enhancement of IT fields.
Also, in order to continue offering customers our unique value, 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 promotes employees without discrimination, striving to create workplace environments where everyone can make a meaningful contribution.
However, if we are unable to secure human resources due to a tight labor market, intensifying competition for human resources, including from other industries, or labor problems that could lead to compliance issues, or if there is sustained turnover, the SUBARU Group's business activities and management may be affected. Similarly, inadequate human resource development or the inability to create a workplace environment in which everyone can play an active role and in which employee diversity is respected may also affect the SUBARU Group's business activities.

Human Resource Development

Our Approach

The SUBARU Group's human resource development programs are tailored to the business characteristics of SUBARU's affiliated companies based on the belief that encouraging the sustainable growth of individual human resources is essential for the sustainable growth of their respective companies.
We also offer training and human resource exchange across the entire SUBARU Group so that all of its members can work together to provide sustainable value to society.

Management System

The Human Resource Management and Development Group within the Human Resources Department plays a central role in collaborating with its peer groups within the department and creating human resources who act independently and take on new challenges based on their resonance with SUBARU's philosophy. This organization works to ensure a system and environment is in place where employees can chart their own careers and learn and grow independently.

Initiatives

Career Development

SUBARU's personnel system encourages employees to take on challenges independently and to grow as individuals, facilitating their individual career development through a cycle of goal management and evaluation.
Under the goal management system, which links individual employee goals with organizational goals, all SUBARU employees have an interview with supervisors four times a year (for goal setting, interim confirmation, outcome confirmation, and evaluation sharing) to share challenges toward achieving growth in their work.
In addition to this, to enable each employee to approach their own career from a medium- to long-term perspective, we hold annual career interviews between supervisors and subordinates to help expand future possibilities.
Under the new personnel system launched in FYE March 2022, our organization aims to achieve the following three target states: 1) employees who take on new challenges can grow and succeed, 2) evaluations and treatment are fair and commensurate with work, and 3) human resources with a diverse set of abilities can succeed. Under this organization, we are supporting the independent career development of our employees.

Education Programs

SUBARU is working to develop a system and environment in which the Company itself encourages the growth of the individual so that all employees can independently develop their careers. To this end, we provide a wide range of learning opportunities to enable individuals to develop skills according to the career plans they have created. By actively incorporating training outside the workplace as well, we focus not only on the systematic acquisition of business skills appropriate for each rank and position, but also on the development of human resources with diverse skills and who can be adaptable in an era of rapid change and future uncertainty.

Training Results

Item	FYE March 2022	FYE March 2023
Average training hours per employee	6.5	10.4
Training cost per employee	¥39,000	¥51,000

Note: Self-development support and new employee training (before starting official employment) are not included in the total number of participants or training hours.

Identifying with the corporate philosophy

We carry out programs to help individual employees gain a deeper understanding of SUBARU's vision and the value it offers, helping them build a greater sense of resonance so that they can build awareness and act independently toward realization of our vision. In FYE March 2023, we carried out a series of programs in this area, including the SUBARU Vision Awareness Program, a mutual exploration and discussion program about what it means to be a company "Delivering Happiness to All," and Dialogue with the President events for managers, in which the President's ideas are directly communicated.

Career Training

At SUBARU, career training is offered to employees as an opportunity for them to come face-to-face with their potential career paths so that they can develop their own careers independently. We also offer career management training for managers so that employees' workplaces and superiors can support their career development.

Business Skill Development Support

At SUBARU, all employees, from managers to general staff, are offered a choice of various business skill development support programs in accordance with their individual levels, goals, and career plans. The program also utilizes public courses held at external institutions to provide opportunities to gain more insights from an outside perspective and to raise awareness.

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.

Globally Focused Talent Development

In addition to improving language skills, we encourage employees to develop a wide range of capabilities with the goal of acquiring cross-cultural, collaboration, and leadership skills with a view to playing an active role on the global stage.

Engineer Development

We believe that the development of highly skilled engineers is essential for SUBARU's sustainable growth.
This education program targeting engineering departments offers courses aimed at improving the expertise of employees in their technical areas of responsibility.
The Specialist System, launched in FYE March 2022, evaluates and rewards SUBARU engineers for their advanced technical skills in order to encourage their self-improvement and at the same time to improve the Company's technical capabilities. In addition, software training launched in FYE March 2023 provides intensive training with the goal of developing 600 software professionals over a five-year period.
We will continue to strengthen our support so that employees can continue to develop their technical skills during their tenure at the Company.

Initiatives to Transfer Skills

■Technician Development

The purpose of transferring skills at SUBARU is to create talent who have comprehensive abilities to adapt to change, standardize and sustain that standardization, and envision continuous improvement, and who can create high-quality products with safety and efficiency.
At the Gunma Plant, we have established an education system for the systematic cultivation of technicians. In July 2022, we introduced basic training for all TPM[*1] participants, with 987 taking the course.
In addition, the Aerospace Company carries out an in-house skill certification program for its production department with the aim of improving the skills of young people who will support our monozukuri (car-making) going forward.

*1 TPM: Total Productive Maintenance

■Participation in the National Skills Competition*2

SUBARU participates in the National Skills Competition with the goal of cultivating talent with advanced technical skills and who can lead in the workplace.

Each year, SUBARU employees compete to be the best in Japan in three categories—lathe work, plastic molding, and automobile sheet metal. For about three years from when they join the Company, competitors strive to hone their skills, concentration, and endurance in daily training so that they can do their best at this national competition.

In 2022, the 25th year of SUBARU's participation in the National Skills Competition, SUBARU won the Bronze Award and the Fighting Spirit Award in the automobile sheet metal category at the 60th competition, marking the ninth consecutive year that we have won awards at the competition. This performance has brought SUBARU's total awards*3 to 52.

※2 The National Skills Competition is an event sponsored by the Japan Vocational Ability Development Association in which young technicians (in principle, up to 23 years old) compete to be the best in Japan. The purpose of the competition is to promote the importance and necessity of technical skills and to help build momentum toward respect for technical skills. It does this by providing young technicians who will lead the next generation with a goal to strive for, and by providing opportunities for young people to come in contact with excellent technical skills in the regions where the competition is held.

※3 Total awards (52) include 1 Gold Award, 2 Silver Awards, 14 Bronze Awards, and 35 Fighting Spirit Awards.

Initiatives in the SUBARU Group

Human Resource Development Programs for Group Companies in Japan

Beginning in FYE March 2023, primary responsibility for Group company talent development has been transferred from the Corporate Planning Department to the Human Resources Department. With an integrated program, we will improve the level of our talent throughout the SUBARU Group.

Human Resource Development for Overseas Group Companies

We support the development of Group company employees outside Japan by providing talent development programs connected to capabilities needed and specialized skill development, based on regional systems, business content, and other factors.

Diversity

Our Approach

The SUBARU Group conducts its business with Diversity as one of its Six Priority Areas for CSR. In order to continuously provide the value demanded of the SUBARU brand, it is essential to have diverse human resources with a variety of personalities and values. Similarly, the SUBARU Group cannot evolve without diversity in its human resources.
The SUBARU Group strives to create a comfortable work environment that respects diversity in terms of gender, nationality, culture, and lifestyle, while taking into account the nature of each business and regional characteristics.

Management System

The Diversity Promotion Office of SUBARU's Human Resources Department leads efforts 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," "promoting the recruitment of non-Japanese workers," and "LGBTQ+" as themes for action. Among them, SUBARU has placed particular emphasis on efforts to support and empower female employees. Activity data is regularly shared at Executive Management Board meetings and with executives.

Initiatives

Empowerment of Female Employees

SUBARU believes that the empowerment of women is critical for its sustainable growth, and therefore is taking various actions to support employees in addressing the priority issues of career development and balancing work and childcare. It is also based on this belief that we provide health support for women so that they can enjoy a consistent working experience even through the many different life events they may encounter.
In supporting career development, we have particularly focused on cultivating female managers, setting a target to more than double the 2021 number of female managers by 2025. As of April 2023, our efforts have resulted in 31 female managers out of 1,095, and while this is 1.3 times the 2021 level of 24 managers, we believe it is necessary for our further development to increase the number of female employees, improve their career motivation, and reform our corporate culture.
As part of our efforts to increase the number of female employees, we had set a target of 10% female engineers among newly hired graduates, which was achieved in FYE March 2023. In improving career motivation, we have established the Women's Leadership Program (WLP) as a program for female employees to share career plans, goals, and challenges with their supervisors and human resources departments, and to provide guidance and education tailored to each individual employee, thereby promoting human resource development. Beyond this, we have established a career training system including a number of actions to empower women: Life Career Training for women around the age of 30, Leader Training for women who are in the process of becoming managers, and the Outside Directors Forum for women in management positions.
In addition, we offer unconscious bias training to create a culture that promotes active roles for women. Another initiative is the Women's Empowerment Working 4's Project, launched in FYE March 2023 under the leadership of women working at the Gunma Manufacturing Division. This project's goal is to bring about what is needed for women to shine much more brightly, and includes improving facilities and holding round-table discussions.
When it comes to health, in FYE March 2022 we held the Women's Health Seminar, an event by women for women to help them understand health issues women can face, as well as the Women's Health Seminar for Supervisors with the aim of supporting these.
To support balancing work and childcare, we have introduced a work-from-home system from FYE March 2022 and abolished core hours in the flex-time system to facilitate flexible work styles for diverse human resources so that they can balance rewarding work and fulfilling lives.

› Second Action Plan based on the Act on Promotion of Female Participation and Advancement in the Workplace (Japanese version only)

Status of Female Employees (Non-consolidated)

	April,2022	April,2023	FYE March 2026 target
Number of female managers	27 (2.4%)	31 (2.8%)	At least double the FYE March 2022 number
General manager class	4 (1.7%)	5 (2.0%)	
Manager class	23 (2.7%)	26 (3.1%)	

Note: Amounts in parentheses indicate the percentage of women.

Universal Design Initiatives

In order to ensure compliance with the Guidelines for the Creation of Comfortable Working Environment*, SUBARU makes improvements to the working environment, work methods, environmental facilities, and others in an organized and planned manner. We also proactively adopt universal design for our common areas, including breakrooms, restrooms, smoking areas, and cafeterias, thereby providing all employees with comfortable workplaces.

* "Guidelines for the Creation of Comfortable Working Environment" as stated in the Industrial Safety and Health Act of Japan

Employment of People with Disabilities

In accordance with the Human Resources Department Policy on Employment of People with Disabilities, the SUBARU Group strives to create workplace environments in which people with disabilities can truly shine.
As of June 2023, SUBARU has 328 employees with disabilities, mainly engaged in manufacturing work, and the percentage of employees with disabilities is 2.47%*. We are committed to improving our corporate value by creating a better working environment for employees with disabilities, facilitating work for all our employees.

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

The height of automatic door switches and work stations is set at a level that is convenient for those using wheelchairs

Human Resources Department Policy on Employment of People with Disabilities

1. Proactive Inclusivity of Diversity

By working to employ people with disabilities, we aim to become a flexible and imaginative company in which diverse human resources can demonstrate their abilities.

2. Greater Ownership

In working to employ people to disabilities, we will build a greater sense of ownership toward realizing society where employees and their colleagues can enjoy safe and consistent work.

3. Fulfillment of Social Responsibility

We will fulfill our social responsibility to resolve social issues and realize a sustainable society in the employment of people with disabilities.

Established in April 2023

To ensure that all employees have a proper understanding of people with disabilities, regular seminars are held and information is posted on our intranet throughout the year. FYE March 2023, we held training programs on persons with disabilities for SUBARU employees and for personnel in charge of hiring people with disabilities at Group companies. These programs helped instill a better understanding of the importance of hiring people with disabilities and their particular characteristics, as well as key points on labor management and other information. In addition, training was conducted for personnel in charge of hiring people with disabilities at dealerships to deepen their understanding of the state of said hiring within the SUBARU Group and efforts to achieve the legally prescribed employment ratio going forward.

Status of Employment of People with Disabilities (Including SUBARU Living Service Co., Ltd. and SUBARU BLOOM Co., Ltd.)

	June 2019	June 2020	June 2021	June 2022	June 2023
Number of employees with disabilities*	281	292	306	321	328
Employment rate of people with disabilities (%)	2.30	2.29	2.37	2.43	2.47

* The employment rate listed in the table is the actual employment rate based on the employment status of people with disabilities as reported to the Ministry of Health, Labour and Welfare on June 1 each year.

Specified Subsidiary Company SUBARU BLOOM Co., Ltd.

SUBARU BLOOM Co., Ltd. (SBC), a specified subsidiary of SUBARU, proactively employs people with disabilities, hiring the most of any enterprise in Gunma Prefecture. As of April 2023, 81 employees and 25 instructors engage in the cleaning service provided by SBC to SUBARU's dormitories and plants.
In FYE March 2023, SBC received the Gunma Prefecture Governor's Award, recognizing it as an excellent employer of people with disabilities for its longstanding achievements. 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.
Currently, based on our past employment performance, we are considering recruitment activities to include general schools in addition to special needs schools, as well as to expand to new job areas. In expanding employment, it is essential to collaborate not only with employees but also with their families and local support organizations. Therefore, we will continue to promote the employment of people with disabilities as part of diversity management centered on coexistence with communities.

Vision and Mission

We aim to create a society of diversity, helping individuals to bloom and have joyful experiences
Employees: Helping individual qualities to bloom, creating empowered members of society
Company: With the power of many empowered individuals, blooming into a company loved by those in the SUBARU family
Society: Using Bloom's activities to help realize a diverse society by expanding the circles of its influence and support

Empowerment of Senior Citizen Employees

In FYE March 2022, SUBARU implemented its SUBARU Business Staff Program and SUBARU Partner Program as part of revisions to its reemployment programs for employees after retiring at the mandatory age of 60. This revision and these programs are designed to help energize senior citizens with valuable skills and support their active participation. We operate our programs so that all those who want to be reemployed can work for SUBARU and other Group companies.
We also offer personal finance planning and career planning training for employees in their 40s and 50s who may be beginning to consider their plans after reaching the retirement age, providing them with opportunities to think about their future life plans.
The number of rehired employees (aged 60 or older) in FYE March 2023 was 605.

Reemployment Rate (Non-consolidated)

(FYE March)

	2019	2020	2021	2022	2023
Retirees (Persons)	107	164	97	130	225
Applicants for Reemployment (Persons)	86	130	72	111	179
Reemployed (Persons)	86 (27)	130 (40)	72 (19)	87 (24)	179 (23)
Reemployment Rate (%)	100	100	100	100	100

Note: Figures within parentheses indicate the number of rehired employees at Group companies.

Non-Japanese Employees

The SUBARU Group hires human resources best suited to the policies and business activities of each location, regardless of their nationality. SUBARU employs 87 foreign nationals as of the end of March 2023. There are three non-Japanese employees in managerial posts at IT, engineering, and manufacturing departments.
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, where we employ a particularly large number of non-Japanese employees, interpreters in English, Portuguese, Spanish, Chinese, and other languages are stationed at each of the facilities to ensure smooth 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.
As for foreign trainee workers, we basically provide them with education on safety and quality under the Technical Intern Training Program and also implement other measures to develop them into human resources who can utilize their abilities for their own countries after returning home. Our affiliated companies independently employ human resources and work to secure human resources in line with their own policies and business details.

Strengthening Mid-Career Recruitment

SUBARU has been actively promoting mid-career recruitment in recent years to respond to changes in the business environment and achieve sustainable growth. There were 4,161 mid-career hires as of the end of March 2023, and 175 of them were in management positions.
We have also established a system to support employees who joined SUBARU as mid-career hires. Regular questionnaire conducted over the first year of employment identify any problems encountered while working at SUBARU, and the Human Resources Department and respective workplaces work together to follow up on these issues. In the same questionnaire, SUBARU's strong points and areas for improvement are both identified from the objective viewpoint of mid-career hires and utilized to improve the working environment. At the same time, we are enhancing on-demand education to ensure smooth retention of mid-career hires.
In December 2020, we established SUBARU Lab, an AI development base in Shibuya, Tokyo, where a cluster of IT companies are located, as part of an initiative to enable smooth and targeted hiring of human resources required for AI development. We will continue to hire based on the abilities and qualities of individuals and provide career development opportunities without discrimination, regardless of whether we are hiring new graduates or mid-career professionals.

Initiatives for the LGBTQ+ Community

The SUBARU Group's Human Rights Policy prohibits discrimination based on gender, gender identity, expression, and sexual orientation. To ensure that all employees have a proper understanding of sexual diversity, we conduct employee awareness activities and increase the number of allies (LGBTQ supporters) throughout the year. In FYE March 2023, online seminars were streamed to all SUBARU employees and Group companies. This has led to 287 people registering as allies and a growing circle of people supporting those identifying as LGBTQ. On the employee welfare side, we have established an external consultation service for individual consultation, including about preferred identification within the organization and changing room considerations. Furthermore, from 2022, we have revised our benefit systems (use of company housing, allowances, leave, etc.) to cover same-sex partners. In recognition of these efforts, the Company received its first Bronze certification in the PRIDE Index, which is used by support organization work with Pride to evaluate corporate initiatives for LGBTQ employees.

Bronze certification in the PRIDE Index

External consultation service informational cards distributed to employees

Flexible and Wide-Ranging Systems

Regular Employment System for Temporary Workers

SUBARU has a regular employment system for temporary workers. We offer an opportunity to sit for an examination for regular employment to temporary workers who want to become regular employees and whom we have comprehensively judged to be qualified to take the examination based on the recommendations from their workplaces and other information. This system contributes to increasing the motivation and vigor of temporary workers. For the 10 years from FYE March 2014 to FYE March 2023, a total of 1,733 temporary workers became regular employees under the system.

Number of Temporary Workers Who Became Regular Employees

(FYE March)

	2019	2020	2021	2022	2023
Number of Those Who Became Regular Employees (Persons)	205	223	267	181	184

Reemployment Support System

SUBARU has also established a reemployment support system for employees who resigned for reasons beyond their control, such as the relocation of their spouse.
From the introduction of the system in 2009 to March 2023, 13 employees have returned to work at SUBARU using this system.

Leave of Absence System for Overseas Assignments

Starting in FYE March 2024, SUBARU has introduced a new system for employees accompanying their spouses on overseas assignments, offering them an option to take a leave of absence. Employees who would have been forced to retire under the previous system can now choose to continue their careers at SUBARU.

Diversity Initiatives at Subaru of America, Inc.

Subaru of America, Inc., an overseas Group company, is strongly aware of the importance of diversity. Diversity, equity, inclusion and belonging (DEIB)* are core to its culture as it strives to create a space for belonging and an environment where all people feel a sense of opportunity, from its employees and retailers to local communities where its employees live and work.
SOA is committed to engaging with the SUBARU community so that all feel they are treated fairly and with understanding and compassion as it works to achieve the Love Promise vision. Going forward, SOA will continue its diversity initiatives to create opportunities for various stakeholders to realize their full potential.

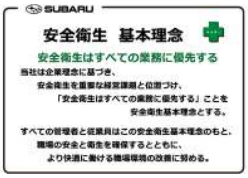
* DEIB is the concept that inclusivity of diverse human resources and making the best use of their abilities is essential for the sustainable growth of a company, and that this requires not only respect for all people, but also a sense of belonging, including the correction of unfair competitive environments and the provision of psychological safety, which greatly affects performance.

› SOA Diversity, Equity, Inclusion & Belonging

Occupational Health and Safety

Our Approach

SUBARU regards occupational health and safety as a critical management issue. Our fundamental philosophy in this area is "SUBARU makes health and safety the first priority in all our work," and we have formulated the Basic Health and Safety Policy. Furthermore, each of SUBARU's affiliated companies in Japan and overseas establishes their own occupational health and safety policies in line with their business details, regional characteristics, and local laws and regulations, and implements initiatives based on these policies.



Health and Safety Philosophy

Yajima Plant, Gunma Plant

Basic Health and Safety Policy

With the aim of reducing industrial accidents, traffic accidents, diseases, and fires and other disasters to zero, every individual will strive to create a safe, comfortable workplace through efforts to improve facilities, environments, and work methods, and to enhance management and awareness, based on a shared recognition of the importance of health and safety.

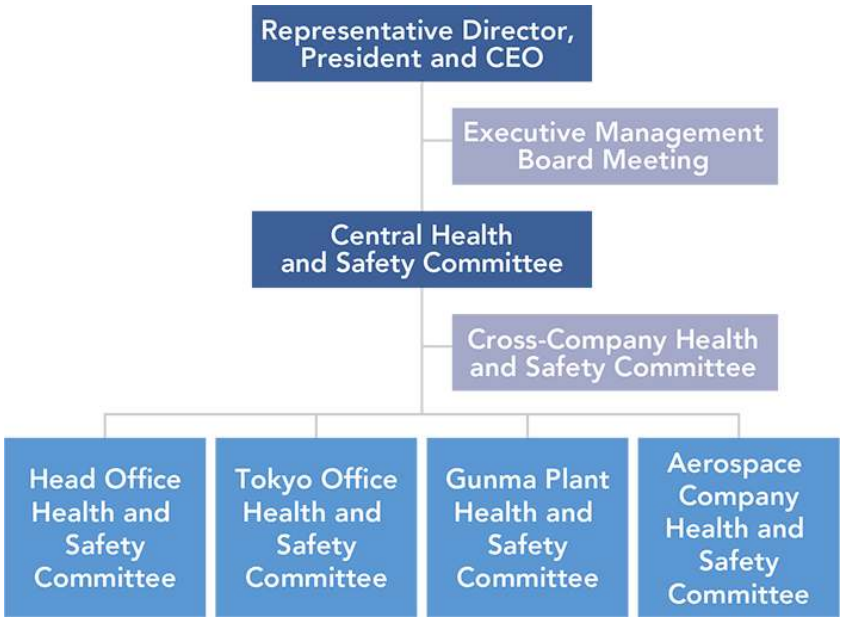
Central Health and Safety Committee

Established in April 2002

Management System

SUBARU established the Central Health and Safety Committee, which is composed of members from management (executive officer in charge of health and safety and the manager in charge of on-site health and safety) and from the labor union, with a view to protecting employees (including non-regular employees) and our affiliates from industrial accidents and illness and improving the working environment. The committee, which meets for deliberations three times a year, is chaired by an executive officer and its vice-chairperson is elected from the Company's labor union's membership. Its deliberations primarily include occupational safety, occupational health, traffic safety, and fire and disaster prevention.
At the committee's first meeting, participants check the fiscal year's activities, including the year's Basic Health and Safety Policy. At its second meeting, the committee summarizes the first half of the year by quantifying items from each business site and shares actions for the second half. At the third meeting, the committee summarizes the fiscal year based on numerical data and discusses health and safety policies (occupational safety, occupational health, traffic safety, and fire and disaster prevention) for the following fiscal year.
As for affiliated companies and resident contractors on our premises under the control of the Site Health and Safety Committee, we provide them with related information as necessary for the promotion of their occupational health and safety activities. At the Gunma Plant, we also provide support for overseas occupational health and safety activities by initiating regular information sharing meetings on health and safety with Subaru of Indiana Automotive, Inc. and affiliated companies overseas.

Health and Safety Organization Chart



Initiatives

At the start of every fiscal year, SUBARU notifies managers and supervisors about the health and safety policies for the fiscal year via heads of each site through their respective Health and Safety Committees. This is so that all employees can share the health and safety activity targets and plans as a unified team and raise their awareness about the prevention of industrial accidents, road safety, and health management.

Prevention of Industrial Accidents

Wearing of the safety declaration badge

In order to elevate safety awareness among SUBARU employees, all employees of SUBARU and its affiliated companies wear the safety declaration badge, on which it is clearly stated, "I always check for safety before performing any action."

Safety declaration badge

Promoting the practice of pointing and calling

For the prevention of mistakes and human error, we urge employees at all our sites to practice pointing and calling at the crosswalks and other places on the premises as the basis for occupational health and safety, thereby raising their awareness about the importance of safe behaviors and increasing the accuracy of their safety checks.

Education at the Hands-on Safety Dojo

At the Gunma Plant's Hands-on Safety Dojo, the SUBARU Group is providing health and safety education not only to its own full-time and part-time employees, but also to temporary employees, employees of contractors and outsourcing companies working on our premises, employees involved in construction work on our premises, and employees of suppliers. Approximately 2,000 employees annually participate in simulator safety training, reproducing conditions that would occur in the event of accidents such as a fall, cut, pinch, or entrapment. In addition, we are taking actions to cultivate hazard sensitivity from the time employees join the Company by introducing them to protective gear used in the field and teaching them the rules about equipment use.

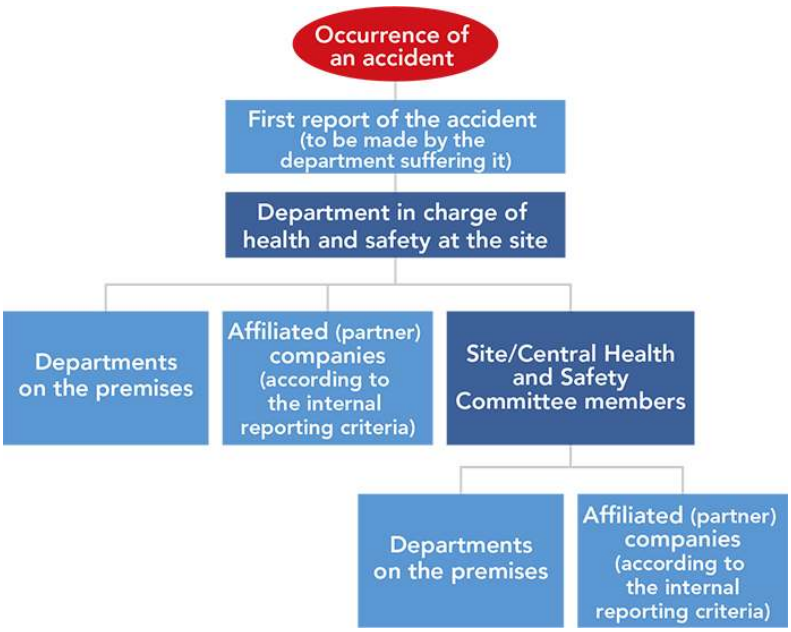
Health and Safety Slogan Contest

SUBARU invites all employees to submit safety slogans to be used in the following fiscal year with the aim of raising awareness of health and safety. Slogans are solicited under four themes: occupational safety, occupational health, traffic safety, and health management. In FYE March 2023, around 17,000 slogans were received from across the Company.

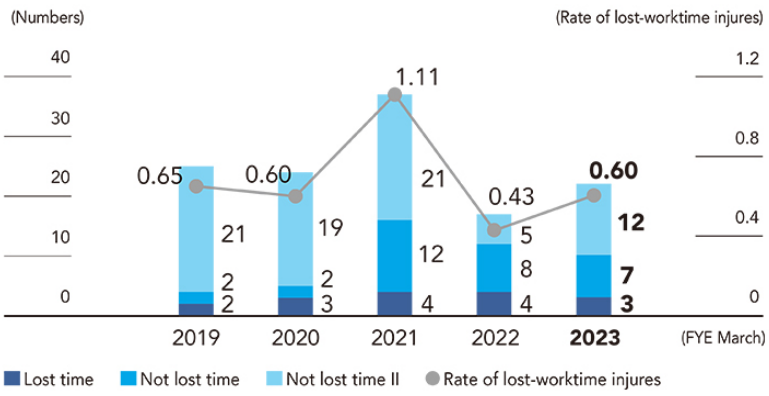
Prevention of Industrial Accident Recurrence

As for industrial accidents and close calls that happened at our sites and affiliated companies, the department that has experienced the incident shall disclose related information to other departments on the premises and affiliated companies via the department in charge of health and safety at the site.
For FYE March 2023, we had 22 industrial accidents, of which three were lost-time accidents and none were fatal accidents. The accident frequency rate was 0.60. Although the number of lost-time accidents decreased, the overall number of accidents increased. Accidents were mainly caused by unsafe behavior and improper use of protective gear and other items. In FYE March 2024, we strive to reduce accidents by raising the level of safety awareness of each and every employee based on the principle of self-responsibility for self-protection. In addition, each of our sites has a full range of hands-on training facilities, and we also focus on health and safety education for regular employees as well as non-regular employees. Furthermore, we are working to strengthen our daily accident prevention activities. Our policy is to use analysis of accidents per site to enforce more rigorous rule compliance to standardized work across the SUBARU Group, have workers wear appropriate protective gear, ensure appropriate signaling and callouts, and other "rigorous compliance to basic matters (back to basics)."

Reporting Line for Industrial Accidents



Occurrence of Work Related Accidents and Accident Frequency Rate (Non-consolidated)



Road Safety

In order to prevent employees from getting involved in any traffic accidents while working, commuting, or enjoying their private time, we are implementing a range of measures as follows:

- Conduct awareness-raising activity, including introducing the cases of past accidents and showing a video on road safety, before the start of a long vacation, targeting all employees of the Automotive Business and the Aerospace Company, many of whom commute by car.
- Organize a lecture by the chief of the local police station to improve employees' driving manners.
- Provide new employees with hands-on education using training institutions.
- Conduct psychological driving aptitude tests and use a driving recorder to help employees recognize their driving habits.

Unifying Initiatives at the Group Level

We have established the SUBARU Safety and Environment Council which we operate in collaboration with each of our business partners to ensure that all parties, including our Group companies in Japan can strengthen health and safety in unison. The council works with participating partners to strengthen and enhance safety and disaster prevention management and environmental preservation, including through an annual general meeting, information sharing in the event of a disaster or traffic accident involving lost work time, training for new employees, supervisors, and full-time managers, and the exchange of information on energy conservation, waste reduction, and pollution prevention initiatives.

Initiatives by the Central Health and Safety Committee

The Central Health and Safety Committee is responsible for overseeing safety at SUBARU, working in partnership with on-site health and safety coordinators and health promoters. In its work, the committee fosters health management measures along with occupational health and safety activities so that all employees and executives can work healthily, soundly, and vigorously, take on challenges, and achieve growth. The committee takes these actions in the belief that the health of employees and their families is essential for all our business operations. SUBARU works with the relevant units within the Human Resources Department to support the physical and mental health of its employees as well as to build a healthy organization and promote flexible working styles, and more. By doing this, it creates the underpinnings of a more comfortable working environment necessary for greater employee engagement. Similarly, we promote health management initiatives for employees and executives of all of SUBARU's affiliated companies in Japan and overseas, in accordance with the business domain of each company and regional characteristics. And so, we work every day to provide employees with safe and comfortable workplaces, with the constant mindset toward enabling them to cheerfully leave home for work and also cheerfully return home after work.

Initiatives at Subaru of Indiana Automotive, Inc.

Since its founding, SIA has acted toward workplace safety as an item of utmost priority, on par with quality, and maintains the lowest occupational illness rate in the U.S. automotive industry. This commitment is evident in SIA's receipt of the Governor's Workplace Safety Award from the Indiana Department of Labor, which is given to companies that are recognized for outstanding efforts to eliminate workplace injuries and illnesses. SIA is currently in preparations to obtain ISO 45001 (Occupational Health and Safety Management Systems) certification in its goals to maintain a safe and healthy workplace.

Health Management

Our Approach

SUBARU believes that the happiness of its employees and their families are the driving force to achieve its vision of becoming a company "Delivering Happiness to All," and that a workplace where each employee can enjoy ample opportunities for challenge and growth, in good health, is the foundation of all its business activities. This is the underlying concept behind SUBARU's health management initiatives. SUBARU works with the relevant units within the Human Resources Department to support the physical and mental health of its employees as well as to build a healthy organization and promote flexible working styles, and more. By doing this, it creates the underpinnings of a more comfortable working environment necessary for greater employee engagement.

Subaru Health Declaration

Purpose

In pursuit of becoming a company "delivering happiness to all" and based on our Global Sustainability Policy of "striving to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction," SUBARU CORPORATION, the Subaru Labor Union, and the Subaru Health Insurance Association jointly released the Health Declaration in October 2020 with the intent that the three parties work in unison toward health.

Health Declaration

To build happiness for our employees and their families, we need a foundation of mental and physical health. SUBARU works with its employees to promote health and preventive care, taking on the challenge of building workplaces full of smiles and enabling growth.

Representative Director, President and CEO, SUBARU CORPORATION Tomomi Nakamura
Executive Chairman, Subaru Labor Union Minoru Yamagishi
President, Subaru Health Insurance Association Tatsuro Kobayashi

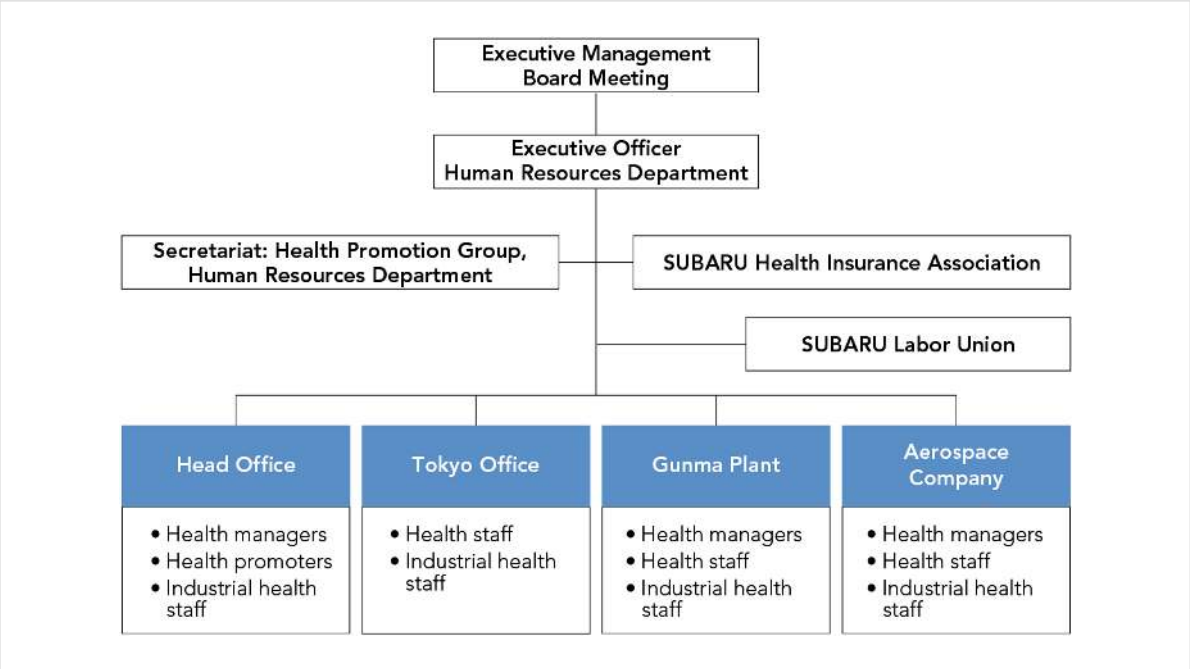
Established in October 2020

* Positions are as of the date of establishment

Management System

SUBARU considers health promotion activities to be a management issue, and as of FYE March 2021, SUBARU has discussed and operated a PDCA cycle regarding its health management issues and measures at the Executive Meeting. SUBARU is also advancing collaborative health with partnership from its labor union and its health association. On the operational side, the Health Promotion Group has served as a core driver of our company-wide, unified health promotion measures since 2021. This dedicated organization within the Human Resources Department coordinates weekly regular meetings with stakeholders such as the health association, health promotion managers at our sites, industrial physicians, and other staff in charge of industrial health.

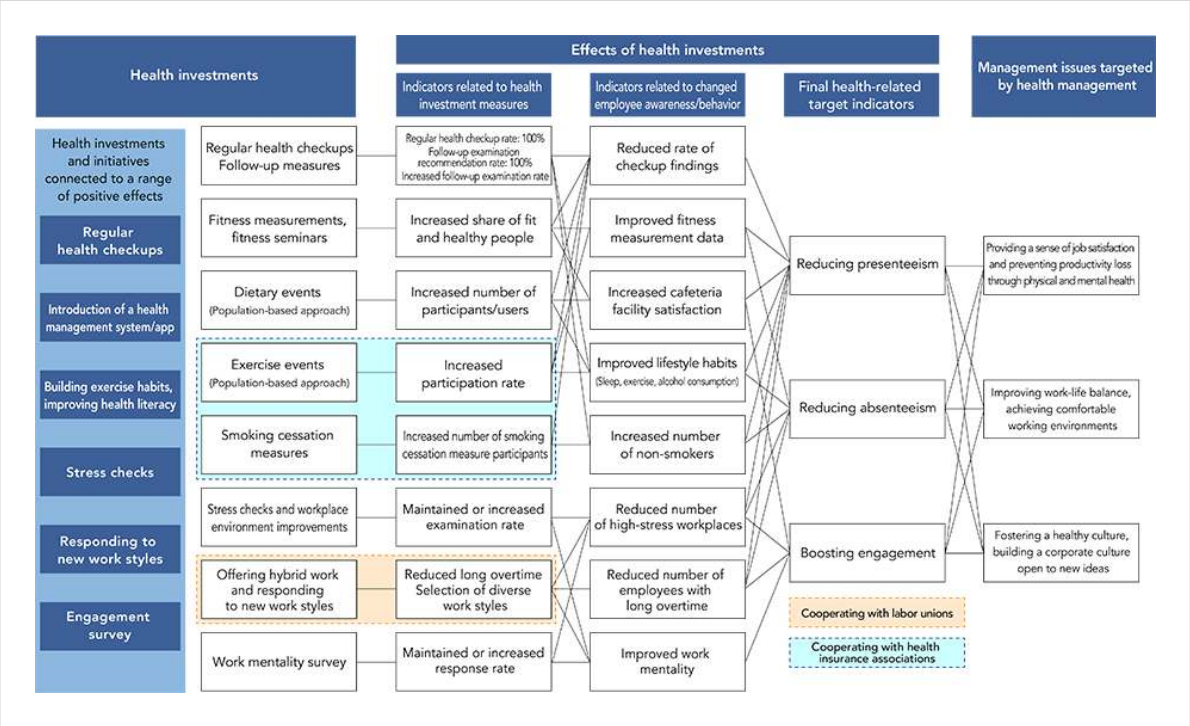
Health Promotion Framework Diagram



Initiatives

SUBARU is engaged in activities under three categories: physical health, mental health, and organizational health. In FYE March 2023, we formulated a health management strategy map and set three final health-related goals—reducing presenteeism, reducing absenteeism, and boosting engagement—visualizing the links between management issues. In particular, we will place a high priority on creating a vibrant workplace, and will implement and verify the effectiveness of each measure to eliminate performance losses caused by health problems.

Health Management Strategy Map



Physical Health

Physical health is the first item on the list, with the aim of enabling our employees to lead active and vibrant lives in good health for many years to come.
By encouraging employees to undergo regular health checkups, and by determining the rate of employees with checkup findings and supporting them in better dietary and exercise habits, we are striving to promote better habits and prevention of lifestyle-related diseases among employees.

Initiatives for regular health checkups and reexaminations

In addition to regular health checkups, we recommend 100% of employees who are subject to reexamination to undergo medical checkups and share a portion of the cost for those who need to take reexaminations. In this way, we support our employees in receiving appropriate medical treatment. We use the high-risk approach to provide those determined to be at high health risk with advice from public health nurses and provide guidance to raise their health awareness, including via seminars for health maintenance and promotion.

Activities for better physical fitness and dietary habits

We use the population approach in our preventive activities, and have introduced body composition analyzers at all sites to visualize not only BMI but also muscle mass and fat mass. We are also expanding activities throughout SUBARU to make people aware of the importance of balanced physical fitness. In addition, we have implemented a total health promotion plan (THP), visualizing physical fitness and proposing a variety of physical exercise programs for employees derived from this information, while also holding seminars to help them improve their dietary habits.
Furthermore, as of FYE March 2023, we have launched physical fitness tests as a trial measure, mainly targeting employees reaching certain milestone ages. We are working to identify physical health issues for our employees and make improvements in various health measures.

Measures against smoking

As of FYE March 2022, we have launched a series of measures against smoking at SUBARU, where approximately one in every three employees is a smoker. One such measure is completely separating smoking areas from non-smoking areas at our sites, and we are taking action to reduce the ratio of smokers to below 28% and prohibit smoking on our premises by 2025. As of FYE March 2023, this ratio was 32.8%. We have established internal clinics on our sites' premises to help smokers stop smoking, made efforts to provide our program for quitting smoking online during the COVID-19 pandemic, and are cooperating with the health insurance association to encourage smoking employees to meet the challenge of quitting smoking. Moreover, we give financial support to employees who visit external clinics to stop smoking.

Increasing employees' health awareness at the canteens

At all our canteens, we provide healthy dishes prepared under the supervision of registered dietitians so that employees can enjoy meals rich in vegetables. We also provide low-salt, low-fat, high-protein, and low-sugar dishes alternatively from day to day, with a view to helping employees raise their health awareness by eating at the canteens.

Healthy dishes prepared under the supervision of registered dietitians

Mental Health (Prevention of Mental Illness)

We are implementing "self-care" and "line care" measures for the prevention and early detection of mental illness among employees. We have also set up a consultation service so that employees can receive follow-ups from industrial health staff. For employees who took leave due to mental illness, we proactively support them when they return to their workplaces.

Self-care

We utilize self-care training and stress checks so that participants can learn how to self-manage their mental health, and new employees are provided with training on internet-based cognitive behavioral therapy (iCBT).

Line care

We have formulated the Line Care Guidelines and include line care training in the collective training for managers, held twice a year, and use the results from collective analysis of employees' stress checks to take improvement actions at the workplace level for those workplaces found to have high health risk. For the departments engaging in technological development, we foster workplace improvement activities where employees themselves voluntarily work to revitalize their workplaces, including to facilitate consultation, make work more comfortable, and eliminate harassment. We are also expanding management systems that increase their work motivation to the entire Group, focused on administrative departments, and enhance bidirectional communications between managers and their subordinates, with support from staff in charge of industrial health. These measures are contributing to preventing the onset of mental illness and mitigating the lengths of these illnesses among employees.

Return to work program (for return to work on a trial basis and gradual return to full-time work)

We have implemented a program to support the smooth return to the workplace for employees who have taken leave. In this program, employees can return to work on a trial basis and gradually step up their hours as they return to full-time work.

Organizational Health (Improving Psychological Safety)

We are carrying out trials of praise, acknowledgment, and appreciation activities to improve employees' intrinsic motivation and psychological safety. Using IT tools, we are working to create workplaces where employees can work with greater peace of mind and where they can take on challenges in their own unique way by strengthening peer bonds between employees and visualizing the exchange of appreciation in the workplace.

Recognized as a Certified Health & Productivity Management Outstanding Organization for 2023

For the third consecutive year, SUBARU has been recognized as a Certified Health & Productivity Management Outstanding Organization in the large enterprise category (White 500) for 2023 by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).
Going forward, we will continue to accelerate a variety of health promotion activities with the purpose of improving the health of our employees—the people who bring happiness to our customers—and their families.

2023 健康経営優良法人 Health and productivity

2023 Certified Health & Productivity Management Outstanding Organization (large enterprise category)

Work-Life Balance

Our Approach

As a precondition to making our customers happy, 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 maintain their work-life balance, we are diversifying work style options and expanding the relevant systems.

Management System

At SUBARU, the Labor Policy Group of the Human Resources Department plays a central role in creating an environment in which employees can work with vigor and enthusiasm, diversifying work styles, and expanding systems through repeated discussions between labor and management.

Initiatives

Work Style Reform

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

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 log times and building entry/exit times) 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.
Work-from-home system	Conducted a test implementation starting in FYE March 2021, with full rollout to all sites beginning in FYE March 2022.
Abolishing mandatory core hours in the flex-time system	Full rollout to all sites beginning in FYE March 2022.

* This law was enacted in June 2018 to revise the labor-related laws to foster work style reform.

Activities to Create an Environment in which Employees Can Work with Vigor and Enthusiasm

Appropriate Management of Working Hours

SUBARU implemented a new attendance management system in FYE March 2019. This system enables exact time management down to the minute, allowing employees and their supervisors to check attendance records entered by the employee, and differences versus building entry/exit times and computer log times.

Reduction of Long Working Hours

SUBARU 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.
In addition, we provide consultations with industrial physicians for employees who have worked long hours in excess of a defined level.

Flex-time System

SUBARU introduced the flex-time system in FYE March 1999. In FYE March 2022, we abolished mandatory core working hours, building an environment where employees can work more flexibly and independently. Employees now have greater discretion than before in their work hours, contributing to improved productivity and richer private lives.

Hybrid Work

SUBARU began introducing its work-from-home system to all sites in FYE March 2022. By offering employees the choice of their work location in accordance with the particular characteristics of their duties, we are contributing to improved productivity through adjusting how they work, and to stronger management capabilities for promoting appropriate delegation of authority. Then, in October 2022, we announced our basic approach to adopt hybrid work, combining work from home and work on site. We are working toward sustainable productivity improvement by incorporating features of both styles of work, including improving work-life balance through telecommuting using IT tools and fostering a sense of unity in the organization through face to face work at workplaces.

Paid Leave

SUBARU grants employees annual paid leave in the number of days commensurate with their length of service. In addition, at each of our sites, labor and management cooperate to encourage employees to take the leave.

Initiative Examples: Ultra-long holidays (three consecutive days of paid leave)
Encouraging leave on national holidays
Encouraging leave once a month

Annual Paid Leave Utilization Rate* (Non-consolidated)

(FYE March)

	2019	2020	2021	2022	2023
Proportion of paid days off taken by employees (%)	85.7	86.4	95.4	88.7	97.6

※ Percentage of the number of days off taken by employees of the total number of annual paid days off granted to them.

Support for the Maintenance of Balance between Work and Elderly Care

At SUBARU, we believe that for employees to continue working with peace of mind, it is important to help mitigate the concerns and burdens of employees and their families concerning the care of the elderly family members. Based on this belief, SUBARU has posted the Elderly Care Support Handbook to its intranet to inform employees of the related systems available internally and externally and of the contacts through which they can ask for advice. We have also established a specific long-term care support system to help reduce the burdens imposed on employees.

Number of Employees Who Took Long-term Care Leave (Non-consolidated)

(FYE March)

		2019	2020	2021	2022	2023
System for employees to take leave to take care of the family member in need of long-term care	**Number of employees who took this leave (Persons)**	9	30	3	4	8

Support for the Maintenance of Balance between Work and Childcare

At SUBARU, we believe it is important to provide employees with an environment that both allows them to continue developing their careers while raising their children and facilitates a balance between job satisfaction and a fulfilling personal life. Accordingly, we formulated a voluntary action plan in line with the Act on Advancement of Measures to Support Raising Next-Generation Children*. At present, SUBARU has received three stars in the "Kurumin" certification from the Japanese Minister of Health, Labour and Welfare, and is taking action based on our 8th Action Plan.

"Kurumin" mark

› 8th Action Plan (Japanese version only)

* This law was enacted for the provision of an environment where people can have and raise children, who are the next generation of leaders, in a sound manner.

As a result of establishing a support system based on criteria that are stricter than the legal obligations, the number of employees who quit their jobs for childcare has decreased to almost zero at our administrative departments. We are now stepping up the measures to support employees in achieving career advancement while raising their children.
For the production departments of the Gunma Plant, we have been fostering measures to help employees return to their shift work smoothly.
Specifically, in FYE March 2019 we began making the conference rooms available for the children of employees, where they can wait until their nursery schools are opened. We also started to provide employees with an early-morning childcare service by qualified nursery teachers on a trial basis. Then, in FYE March 2020, we conducted a full rollout of these measures at sites neighboring the plant. In FYE March 2022, we opened an early-morning childcare facility on the premises of the plant, and in FYE March 2023, we began accepting children for nighttime and late-night childcare services.
Separately, we are working to raise awareness and promote usage of the various systems available to employees, such as making the Maternity Leave and Childcare Support Handbook available on our intranet and holding training about childcare leave for male employees.

Systems and Initiatives for Childcare Leave

SUBARU's employees can extend the period of childcare leave to the end of the first April after the child becomes two years old. As of FYE March 2023, both fixed-term and non-fixed-term employees who have been with the Company for less than one year will be able to take leave, making the system even easier to use.
In addition, we have initiated efforts to ensure that, when an employee submits a notice about their spouse's pregnancy or childbirth, the employee's managers and supervisors in the reporting line (as well as human resources personnel) have individual informational exchanges with the employee and confirm their intentions.

Number of Employees Who Took Childcare Leave (Non-consolidated)

(FYE March)

			2019	2020	2021	2022	2023
System for employees to take leave for childcare	Number of employees who took leave	Male	24	35	56	98	211
		Female	29	38	36	35	45
		Total	53	73	92	133	256
	Rate of employees who returned to work (%)	Male	100	100	100	100	100
		Female	97.5	95	100	98	100

Note: Disclosed figures from 2021 and before have been modified to reflect changes in calculation methods and classifications.

Childcare leave taken by male employees

In FYE March 2023, 211 of SUBARU's male employees took childcare leave, at a rate of 38.5%. Also, under the special childcare leave system, which allows employees to take up to five days off at the birth of their children, 93.2% of male employees eligible for this leave took at least one day of leave. We will continue to provide workplaces where employees can take this leave in addition to childcare leave.

Status of Childcare Leave Taken by Male Employees (Non-consolidated)

- Male employees taking leave: 211
- Average days of leave taken: 62.4
- Largest number of days of leave taken: 366
- Utilization rate: 38.5%

Special Childcare Leave Taken by Male Employees (Up to 5 days, not including paid leave, non-consolidated)

Male employees taking leave: 528
Average days of leave taken: 3.0
Utilization rate: 93.2%

Short working hours system for childcare

Employees can use this system until their children become fourth graders at elementary school and can also concurrently use the flex-time system.

Labor-Management Communication

Our Approach

SUBARU and its labor union have been on good terms with each other based on mutual understanding and trust. The Company acknowledges that the union has the right to unite and engage in collective bargaining and other collective actions, while the union recognizes that the Company has the right to manage the business, and the two parties respect the legitimate use of their mutual rights. The Labor and Management Council regularly holds meetings for smooth corporate management and mutual communication. Specifically, participants exchange opinions regarding the management policies, outline of the business results, and production and sales, and also discuss issues such as labor conditions, challenges concerning work styles, and the occupational health and safety policies. In the labor-management negotiations on the revision of wages (salaries and bonuses) and other labor conditions, the two parties work to reach an agreement for revision or the establishment of new rules. For issues that might have a significant impact on employees, the parties discuss them fully before informing employees of the results.

Status of Labor-Management Dialogue

In order to unite labor and management in resolving issues for a brighter future, SUBARU holds around 50 labor-management consultations on an annual basis. These include monthly labor-management consultations at each workplace and business site and general labor-management council meetings to discuss major issues for SUBARU. The content of these dialogues is summarized in a digest video and shared with all employees via SUBARU's intranet. In this way, we are striving for greater transparency in labor-management dialogue.

In FYE March 2023, we established the Labor-Management Committee for Work-Style Improvement to discuss important themes for SUBARU such as improving motivation and communication issues. Monthly discussions were also held outside of regular meetings to advance labor-management improvement activities throughout the year.

Specifically, as part of a plan to support employees in tackling challenges alongside colleagues, labor and management jointly organized a spectator tour to cheer on members of the SUBARU team participating in the Super Taikyu series of races,* with approximately 70 supporter employees visiting the circuit. In addition, with the aim of fostering a climate of mutual respect and recognition and of revitalizing communication, labor and management have planned and introduced on a trial basis a system for expressing mutual appreciation.

Going forward, in labor-management relations, we will not only support the autonomy and growth of employees who resonate with our initiatives based on the strong trust relationships cultivated over the years, but also promote initiatives to realize a bright future with labor and management working in unison.

* Since 2022, SUBARU has been participating in the Super Taikyu series of races with the goal of training engineers and developing future technologies.

Number of Employees Belonging to the Labor Union

The following shows the data* for FYE March 2023.

- Members of the Subaru Labor Union: 16,128
  (Membership rate of 90.6% among 17,809 employees)
- Members of the Confederation of Subaru Affiliated Labor Unions: 28,552

* As of October 1, 2022

Employee Data

Employee Data

Number of Employees

(FYE March)

		2019	2020	2021	2022	2023
Number of employees (Consolidated) (Persons)	Total	34,200	35,034	36,070	36,910	37,521
Number of employees (Non-consolidated) (Persons) Excluding directors and advisors but including those seconded to other companies	Total	15,885	16,318	16,964	17,442	17,700
	Male*1	14,774	14,823	15,376	15,776	15,941
	Female*1	1,111	1,139	1,189	1,249	1,287
	Part-time*2	-	356	399	417	472
Number of temporary employees (Non-consolidated)*2(Persons)		-	6,328	5,801	5,464	5,565

*1 Regular employees

*2 Has been disclosed since FYE March 2020

Composition of Employees (Non-consolidated)

(FYE March)

		2019	2020	2021	2022	2023
Male to female ratio (%)	Male	93	93	93	93	93
	Female	7	7	7	7	7
Average age		38.5	37.4	39.0	39.1	39.3
Average length of service (Years)		15.8	15.8	16.0	16.0	16.1
Number of managers (Persons)	Male	1,030	1,051	1,062	1,089	1,057
	Female	14	20	21	24	27
Number of new graduate hires (Persons)	Male	473	498	561	548	498
	Female	74	68	71	84	62
Number of mid-career hires (Persons)	Male	317	161	182	115	109
	Female	15	24	13	19	13
Number of employees who quit the Company (Persons)		339	329	354	332	404

Composition of Employees by Age (for FYE March 2023 on a non-consolidated basis)

Age	Male	Female	Total
Younger than 30	4,147	483	4,630
30 to 39	4,222	254	4,476
40 to 49	4,131	332	4,463
50 to 59	3,453	219	3,672

Breakdown of New Graduate Hires by Job Category (for FYE March 2023 on a non-consolidated basis)

Category	Male	Female	Total
Career-track employee (in technological fields)	195	14	209
Career-track employee (in other fields)	21	10	31
Clerk	38	12	50
Skilled worker	244	26	270

Composition of Mid-career Hires by Age (for FYE March 2023 on a non-consolidated basis)

Age	Male	Female	Total
Younger than 30	37	5	42
30 to 39	61	5	66
40 to 49	11	3	14
50 and older	0	0	0

Comparison of Fixed Wages between Male and Female Employees (for FYE March 2023 on a non-consolidated basis)

Fixed Wages	Male:Female
Managers/General employees	1 : 0.76

* Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of September 4, 2015). Gender pay gaps are not present for equivalent work, and primarily arise from differences in headcount structure within qualifications and job titles.

FYE March 2023 Employee Stock Ownership Association Status

	As of March 31, 2023
Number of Participants	4,841
Participation Rate	27.2%
Number of Shares Held	2,640,218

* Data covers regular and contracts employees for SUBARU (non-consolidated).

Customers

Our Approach

The SUBARU Group strives to put the customer first in all business activities. SUBARU is promoting activities to reflect customer feedback in our products and services, so that customers continue to choose our brand for "Enjoyment and Peace of Mind."
In addition, we cooperate with overseas dealerships around the world in the areas of "human resource training at dealerships" and "supporting dealership operations," enabling them to provide uniformly high-level service that meets the needs of our customers.

Initiatives

Customer Consultation Service (Japan)

In order to be closer to our customers and sincerely address their inquiries and difficulties, we have enhanced the various methods to communicate with our customers, such as call centers and websites. Opinions, requests, and comments received from our customers are fed back to the relevant departments, and we use this feedback to improve the quality of our products and services, as well as to make proposals.

SUBARU Call (Japan)

For inquiries about your vehicle, please have documentation on your vehicle prepared (serial number, registration number, and date of registration), model name, grade, mileage, and name of the dealership that sold your vehicle to ensure a smooth response.

- Inquiries regarding malfunctions and repairs require diagnosis of the product's condition. Please start by contacting the location where you purchased your product or your nearest SUBARU dealership.
- For information on genuine parts (part number, price, delivery date, etc.), please bring relevant documentation for your vehicle to your nearest SUBARU dealership.

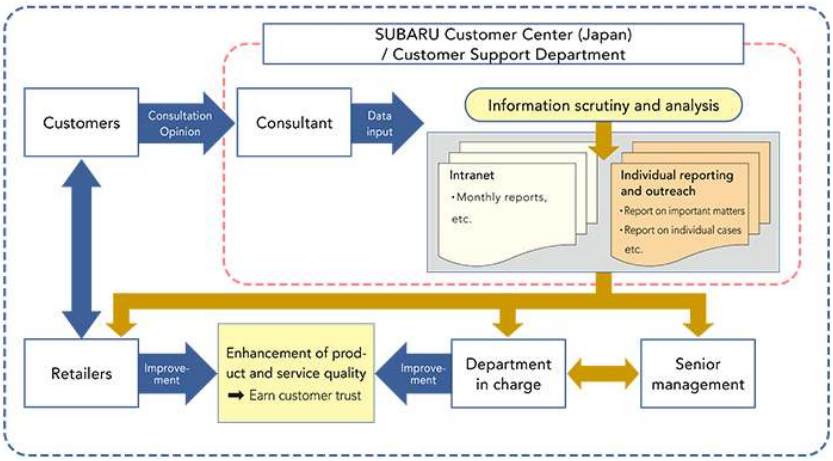
SUBARU Customer Center: SUBARU Call

0120-052215
(Toll free within Japan)

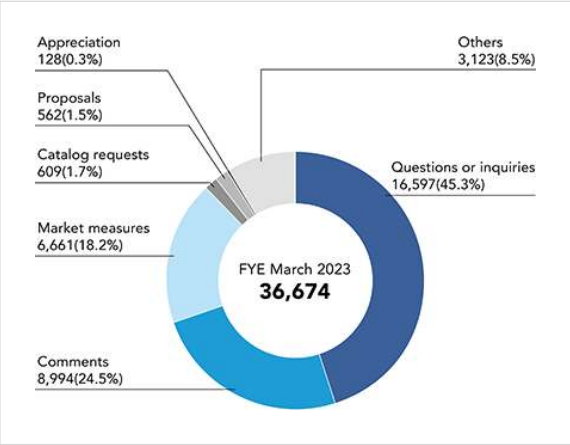
Note: Calls are recorded to improve the quality of SUBARU's services. Thank you for your understanding.

Hours of operation: 9:00 a.m. to 5:00 p.m. (Weekdays)
9:00 a.m. to noon, 1:00 p.m. to 5:00 p.m. (Saturdays, Sundays, and holidays)

Reflect customer feedback to enhance the quality of products, sales, and services.



Breakdown by Type of Consultation



Note: The method of calculation was changed in FYE March 2023.

Expanding inquiry channels (Japanese website only)

In July 2021, we updated the Q&A section under the Inquiries and Frequently Asked Questions page of the Japanese version of our official website in light of the recent increase in inquiries via the internet. To achieve even more convenience, we are working to regularly update the Q&A section and improve its searchability based on search status and data from inquiries received by our Customer Center.
As a result, page accesses have grown significantly compared to before the updates.
We introduced an automated response chatbot service in September 2022 as a system that will enable us to provide precise support for customer needs 24 hours a day, 365 days a year. We also initiated staffed chat support during the operating hours of our Customer Center in April 2023.
We will expand our contact points with customers through various inquiry channels as well as our information provision in support of self-resolution, utilizing these to improve customer satisfaction, develop new products, and provide services.

Chatbot service and the Q&A section under Inquiries and Frequently Asked Questions page

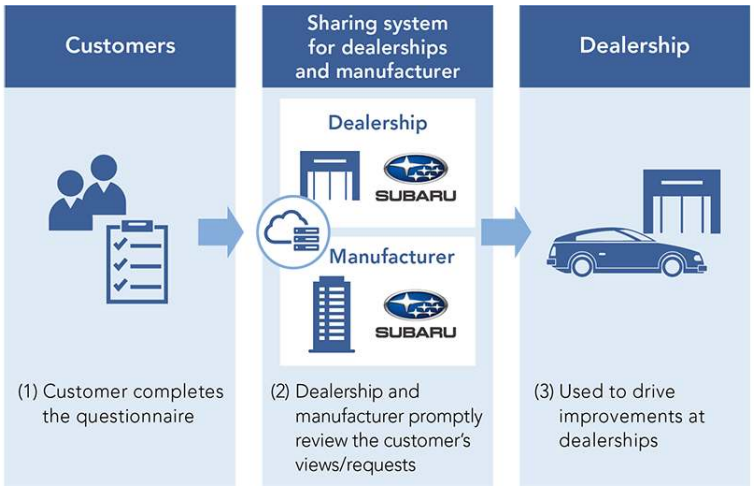
Gathering and Relaying Customer Feedback

Customer feedback received is published on our intranet for access by relevant departments. Customer feedback received not only in Japan but also at local dealerships in the U.S., SUBARU's largest market, is analyzed by the Customer Service Division in Japan and fed back internally for product and service development and quality improvement.

Customer Satisfaction Survey

Seeking to offer ever better service at our sales outlets, SUBARU conducts the SUBARU Customer Questionnaire directed at customers who bought a SUBARU vehicle at our dealerships. In order to take the customers' comments and requests learned from the survey results seriously, we have established a system in which our dealerships share those comments and requests so that they can respond to customer expectations, leading to improvements.

Customer Satisfaction Survey



Note: We started use of the sharing system in FYE March 2018.

Number of Valid Responses

In FYE March 2022, we once again received many opinions.

Number of Valid Responses

(FYE March)

	2019	2020	2021	2022	2023
Number of responses	102,571	74,148	47,970	59,391	63,158

Evaluation of Achievements in FYE March 2023

We have expanded our survey to incorporate opinions from a broader segment of our customers, adopting a method to not only use evaluations of our achievements in FYE March 2021 and our new car owner surveys three and five years after the repurchase but also random samplings from customers who have purchased their vehicle six or more years previously. We received high ratings from around 80% of respondents, as well as a variety of opinions. SUBARU and SUBARU dealer views of our customers seriously and will work together on activities aimed at achieving further improvements.

Human Resource Training at Dealerships

We have established the Subaru Training Center, which is dedicated to training human resources at our dealerships in Japan and overseas. For dealerships in Japan, it provides training for managers, sales departments, and service departments. For overseas companies, it provides programs for service staff, meeting specific regional needs.
From FYE March 2023, this program is transforming into an online-focused learning system utilizing a learning management system*1.
Approximately 10,000 staff members from 44 SUBARU dealerships in Japan have registered for this learning management system, and as of the end of May 2023, they are able to study via more than 1,120 e-learning programs. We also combine e-learning with interactive web-based training to increase learning efficiency and maximize effectiveness.

*1 A learning management system is a system for the integrated management of learning material delivery, course history, performance, and other information necessary for implementing e-learning.

Number of Trainees (including training trips): Japan

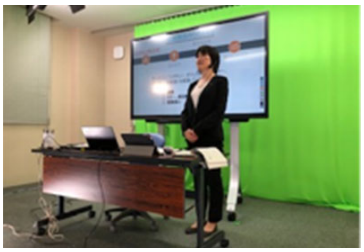
(FYE March)

	2021	2022	2023
Managers, sales staff, service staff	644	876	2,094
Notes	Approximately one-quarter of the number of students before the COVID-19 pandemic due to training cancellations during the pandemic		Start of Online Training

STARS Sales Professional Certification Program (Japan)

To demonstrate that staff have the ability to propose "Enjoyment and Peace of Mind" to customers and support them, SUBARU has established STARS*2, a sales professional certification program.

*2 SUBARU Staff's Training and Rating System, which helps salespersons develop themselves through repeated Off-JT (study), OJT (practice), and qualification tests (challenge).



Online Training

Sales STARS (as of March 2023)

To determine salespersons' certification levels, SUBARU runs tests covering areas such as knowledge, techniques, and customer service skills based on their performance on sales.

(salespeople)

Level 1	Level 2	Level 3
58	760	1,202

Service STARS (as of April 2023)

For service staff, certification levels are determined based on the tests on service operation knowledge, customer service skills, and technical capabilities.

Front counter service levels (persons)	**Level S**	**Level A**	**Level B**	**Level C**	
	44	1,100	1,025	4,909	
Mechanical levels (mechanics)	**Level S**	**Level 1**	**Level 2**	**Level 3**	**Level 4**
	29	1,239	1,586	1,594	728

Service Staff Training (Overseas)

To improve the technical skills of service staff, we offer the Subaru Technical Education Program (STEP)*3 and use skill certification testing to motivate learning. SUBARU develops trainers who provide training to our service staff worldwide and trains service staff to be able to handle increasingly sophisticated automobile technology. We offer the STEP Trainer Training (STT)*4 and Advanced Technical Training (ATT)*5 programs for dealership trainers.
These technical training programs, in addition to on-site training for all SUBARU employees, offer online training, increasing opportunities for employee participation. Moreover, SUBARU assigns external trainers certified by us to countries with annual sales of at least 1,000 cars with the aim of further enhancing service.

ATT

*3 A technical training program that establishes three levels of mechanic engineering / technical skill and certifies them based on these levels. The three levels, from the beginner qualification, are Subaru Technician, Subaru Senior Technician, and Subaru Master Technician.

*4 A training program to develop certification trainers who will provide "STEP" training.

*5 A periodic training program held for the purpose of increasing the skills of certification trainers overseas. It provides education on topics such as new technology and high-level control technology.

Status of Technical Training

	Until FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024
STT	Held a total of 23 sessions since 2011, providing STT training to 179 trainers in 29 countries	Not held in FYE March 2022 due to movement restrictions during the COVID-19 pandemic	Implemented twice for 24 trainers from eight countries in FYE March 2023	To be held (twice)
ATT	Held a total of 15 sessions from April 2015 to March 2020, providing ATT training to a cumulative total of 206 certification trainers in 28 countries	Held the two EyeSight and e-BOXER programs online, providing ATT training to a cumulative total of 96 certification trainers in 28 countries	Started training for EyeSight, vehicle communication systems, and direct fuel injection system, and implemented for 57 trainers from 25 countries	To be held (twice)

Developing service management managers (Japan)

Customer expectations on after-sales service are increasing by the year. In order to provide services that exceed expectations, SUBARU brings in the next generation of leaders from dealerships, developing them into human resources with a broader perspective through work experience at SUBARU.
In the SUBARU Service Management Manager Development Course, employees from dealerships are seconded to SUBARU for two years to learn SUBARU's approaches and working styles, helping to improve their management abilities.

Supporting Dealership Operations

Developing Malfunction Diagnostic Systems

With the computerization and intelligence of vehicles, the role of malfunction diagnostic equipment and service tools is becoming increasingly important. Proper repairs with proper diagnostics ensure customer safety, reduce the workload of mechanics, and reduce energy consumption. SUBARU is developing diagnostic equipment and related systems with this in mind.

Initiatives to Enhance Service Quality

Recognizing the cultural and environmental differences across countries and regions, SUBARU has established clear standards for service quality that it effectively communicates to local dealerships to ensure that customers receive consistent service no matter where they are.

Rapid Recall and Repair of Vehicles Subject to Repair

When a decision is made to implement a recall, we engage as the entire SUBARU Group. We have a system in place to ensure smoothness across the entire recall process, including notification to authorities, contacting customers, and repair.
In addition, we work closely with dealerships in each country to ensure that repairs are completed quickly and reliably by supplying repair parts in a timely manner.
In particular, SUBARU's recall progress related to the Takata airbag recall in the U.S. is among the highest in the industry.

› SUBARU's Recall Action for Takata Airbags (Japanese version only)

Responding to Customer Needs in Diverse Markets

The SUBARU Group is introducing products tailored to each local environment in collaboration with local dealerships in all regions around the world. In South America and Asia, where demand for SUVs carrying several passengers is high, we have launched the Evoltis (U.S. market: Ascent). We have also introduced the Solterra BEV to markets such as Europe, where electrification is rapidly advancing.
Going forward, the Solterra will be gradually rolled out to other markets, such as Australia. Globally, we are planning to introduce an additional eight BEV models, including the Solterra, by the end of FYE March 2029, systematically introducing them to various regions while assessing customer needs in each market. We will continue to align with customer needs and contribute to achieving carbon neutrality in society.

Developing/Popularizing Welfare Vehicles

SUBARU aspires toward sharing the happiness and freedom of living through cars for everybody. As such, SUBARU is working to develop and increase the popularity of welfare vehicles so that people with physical handicaps and the elderly can travel by car in comfort and with peace of mind.
SUBARU started producing and selling welfare vehicles in 1980 and now they are well known as the "TRANSCARE series." It offers a wide range of options, from standardized cars to mini cars. SUBARU aims to develop vehicles that provide comfortable driving for both people who are in care and for care providers.
In FYE March 2021, we introduced Wing Seats with side airbags to the Forester. Going forward, we will continue to take action in a variety of areas so that we can provide even more "Enjoyment and Peace of Mind" to more of our customers.

› TRANSCARE series (Japanese version only)

SUBARU XV (with Wing Seat)

Forester (with Wing Seat)

Initiatives for Customers in the Aerospace Business

In the aerospace business, we continue to swiftly resolve issues with customers after product delivery in order to maintain the continued operating condition of the aircraft we supply to the Japan Self-Defense Forces, Coast Guard, National Police Agency, and others. We periodically visit customers and take questionnaires in order to confirm the effectiveness of this initiative. The questionnaire covers items such as product quality, service, emergency response, and visitor response, evaluated on a five-step scale. In this questionnaire, we received high ratings from the Japan Self-Defense Forces, Coast Guard, and Metropolitan Police Department. Here, we are working to sincerely address customer opinions and further improve their satisfaction.
Also, SUBARU's maintenance staff involved in manufacturing visit the land, sea, and air units of the Japan Self-Defense Forces across Japan that use our products. They exchange information on use and maintenance, develop a better understanding of the operations, and communicate extensively, leading to the improvement of their work.
Going forward, we will move ahead with initiatives to understand customers' requests in detail and to earn customer satisfaction with SUBARU's products and services through maintenance and operations.

Questionnaire Evaluation Results

(FYE March)

	2020	2021	2022	2023
Japan Self-Defense Forces	3.9	4.0	4.0	3.7
Coast Guard, Metropolitan Police Department, etc.	3.6	4.2	3.1	3.8

Note: We compile evaluations for each category from customers and rate them on a five-point scale.

CSR Procurement

Our Approach

The SUBARU Group has established the Six Priority Areas for CSR and is promoting various initiatives for the realization of a sustainable society. Amid this, we believe that in order to resolve various environmental and social problems facing today's global society, such as global warming and human rights violations, it is essential to take action not only on our own but across the entire supply chain, including at our suppliers.
At the SUBARU Group, we establish relationships with our business partners based on equality, trust, mutual benefit, and dedication to continuous improvement, seeking the realization of a sustainable society.

Fundamental Procurement Policy

The SUBARU Group has been promoting activities for sustainable procurement under the following basic policy.

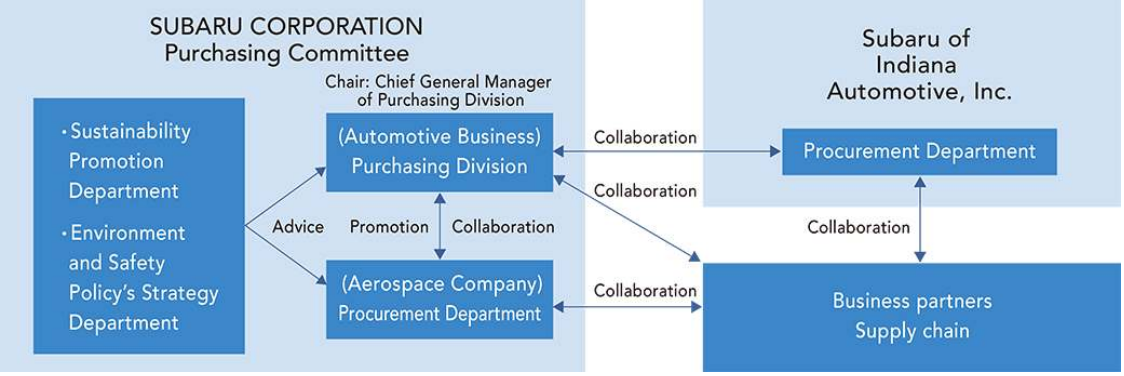
1. **CSR Procurement**
   We engage in procurement activities in a way to harmonize people, society and the environment, and carry out our corporate social responsibilities in such ways as conducting transactions paying due care to observe legal and social rules and to protect human rights and the environment.
2. **Establish Best Partnership**
   We establish "WIN-WIN" relationships with suppliers through transactions based on mutual trust under the doctrine of good faith.
3. **Fair and Open Way of Selecting Suppliers**
   In selecting suppliers, the door is wide-open to all firms, in Japan and overseas, for fair and equitable business to procure goods and services most excellent from seven perspectives: quality, cost, delivery, technical development, management, environment and society (QCDDMES).

Revised in April 2020

Management System

At SUBARU, the procurement departments of the Automotive Business and Aerospace Company participate in the Purchasing Committee, which promotes SUBARU's CSR procurement initiatives.
The action policy of the Purchasing Committee is to facilitate fair procurement practices and encourage CSR at suppliers. The committee oversees efforts to address environmental, social, and governance (ESG) issues in procurement and shares the latest relevant information. By integrating any management issues identified into our action plans and implementing a plan-do-check-act (PDCA) cycle, we help to ensure fair trade between SUBARU and its business partners as well as cooperative CSR procurement throughout the supply chain. We have also been promoting CSR procurement on a global scale in collaboration with Subaru of Indiana Automotive, Inc. (SIA), our local production plant in the U.S.

CSR Procurement System



Initiatives

Promoting Fair Trade

SUBARU maintains compliance with laws and regulations such as the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. SUBARU also carries out fair trade promotion initiatives based on Automobile Industry Fair Trade Guidelines. As part of these efforts, SUBARU has set up a consultation service targeting suppliers in its supply chain. In 2020, we took the Partnership Formation Oath for the purpose of coexistence and prosperity of both large companies and SMEs.
The Aerospace Company conducts a survey for its business partners regarding satisfaction with its Purchasing Department. This allows better understanding of the current status of fair and proper transactions, including human rights considerations such as the conduct of those in charge of procurement at SUBARU, from the standpoint of its business partners.
For employees, we provide legal and regulatory training and other programs for those in charge of procurement to elevate their understanding of proper business practices.

Employee Training on Fair Trade in FYE March 2023

Automotive Business Purchasing Division

- Training for new recruits (12 employees)
- Training for transferees (54 employees)
- Comprehension tests for compliance (239 employees)
- CSR education (283 employees)
- External training
  United Nations Development Programme (UNDP)'s "Business + Human Rights Academy" (1 employee)

Aerospace Company Procurement Department

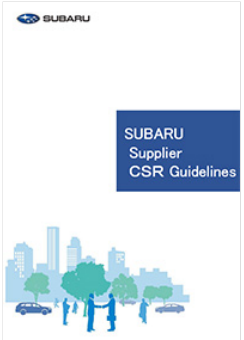
- Training for new recruits (0 employees; no new graduates)
- Training for transferees (5 employees)
- CSR education (84 employees)

› Consultation service for promoting fair trade (Japanese version only)

› Partnership Formation Oath (Japanese version only)

SUBARU Supplier CSR Guidelines

To promote SUBARU's CSR procurement and help our suppliers conduct CSR activities, we created, and in FYE March 2012 began application of, the SUBARU Supplier CSR Guidelines. They are based on the CSR Guidelines for Suppliers of Japan Automobile Manufacturers Association, Inc. (JAMA), and incorporate our CSR policy.
In FYE March 2014, these guidelines were made company-wide and global, including for all suppliers of the Aerospace Company, and in FYE March 2016, SUBARU revised the content to incorporate the non-use of raw materials that engender social problems, such as conflict minerals. In FYE March 2016, we also revised the guidelines in the form of a joint edition with SIA, confirming the integration of our procurement policy. We incorporated the SUBARU Global Sustainability Policy, Human Rights Policy, and Fundamental Procurement Policy (revised edition) in FYE March 2021. In FYE March 2023, we also established and published the Responsible Mineral Procurement Policy.
At SUBARU, compliance to these guidelines is one of the criteria of our supplier selection. SUBARU asks not only our suppliers but also their suppliers as well to develop and promote CSR.



SUBARU Supplier CSR Guidelines

*1 Conflict minerals: Minerals for which there is concern regarding participation in unjust acts, such as support for non-governmental armed groups, human rights violations, or illegal acts. In Dodd-Frank Act of the U.S., tin, tantalum, tungsten, and gold are specified as minerals for which there is concern that they may be a source of funding for armed groups in the Democratic Republic of the Congo and surrounding countries.

› SUBARU Supplier CSR Guidelines PDF/920KB

Five Topics in the SUBARU Supplier CSR Guidelines

SUBARU promotes our procurement activities based on the following basic approach.

(1) Safety and Quality

- Providing products and services that meet consumer and customer needs
- Providing appropriate information concerning products and services
- Ensuring safety of products and services
- Ensuring quality of products and services

(2) Human Rights and Labor Issues

- Striving to avoid discrimination
- Respecting human rights
- Prohibiting child labor
- Prohibiting forced labor
- Non-use of raw materials that engender social problems
- Compliance with the law on remuneration
- Compliance with the law on working hours
- Practicing dialogue and consultation with employees
- Ensuring a safe and healthy working environment
- Providing human resource training

(3) Environment

- Implementing environmental management
- Reducing greenhouse gas emissions
- Preventing air, water, and soil pollution
- Conservation of the ecosystem
- Saving resources and reducing waste
- Managing chemical substances

(4) Compliance

- Compliance with laws
- Compliance with competition laws
- Preventing corruption
- Managing and protecting confidential information
- Managing export trading
- Protecting intellectual property

(5) Information Disclosure

- Disclosing information to stakeholders

Business Partner CSR Briefing and CSR Survey

At the Business Partner CSR Briefing, we present corporate policies such as the SUBARU Supplier CSR Guidelines in keeping with the OECD Due Diligence Guidance for Responsible Business Conduct. In our annual Business Partner CSR Survey, we assess negative impact on our business partners and work with them to correct any issues discovered. We initiated this supply chain CSR due diligence in FYE March 2016 and have been conducting it annually since FYE March 2018.
In FYE March 2023, we targeted 619 automobile-related business partners (including 396 in parts and raw materials, and 223 in equipment and jig tools) to attend the briefing. Of which, 98.4% of participants, or 609 business partners, provided responses to the survey. We also conducted a briefing and survey for our business partners focused on climate change. The details and results of our actions are as follows.

Business Partner CSR Briefing

We held the Business Partner CSR Briefing online via video distribution to help prevent the spread of COVID-19. In this briefing, we presented the importance of promoting CSR in addition to human rights and environmental preservation, details about the SUBARU Group's CSR Policy and activities, and made specific requests to business partners such as compliance with the SUBARU Supplier CSR Guidelines.

Business Partner CSR Survey

- **SUBARU supplier CSR check sheet**
  We investigated business partners' CSR systems, CSR initiatives for their suppliers, and compliance with the SUBARU Supplier CSR Guidelines covering human rights, labor, and the environment, identifying one business partner with potential issues with compliance in their initiatives. Follow-up investigations were conducted with the company through interviews. The company promised to make improvements before the continuation of the investigation in the next fiscal year. Furthermore, we continued to conduct investigative interviews with the two business partners who faced issues in FYE March 2022. Through the interviews, we confirmed improvements in their initiatives, such as the establishment and dissemination of CSR policy and the appointment of CSR officers. The above results were referenced in our supplier selection process.
- **Survey on employment of non-Japanese skilled workers in Japan**
  We conducted a survey regarding the employment of non-Japanese personnel by our business partners, examining wage levels, payment methods, working hours, Article 36 Agreement on overtime work and working on holidays (Labour Standards Act), insurance, pensions, health checkups, living conditions, passport possession, Japanese language education, daily life guidance, and industrial accidents. Nine business partners were identified as having potential issues. Follow-up investigations were conducted with the nine companies through interviews. In all cases, the conclusion was that there were no issues with treatment regarding non-Japanese worker human rights and labor.
- **Survey on human rights initiatives**
  We conducted a survey on the implementation of human rights due diligence by our business partners and within the supply chain, information on the origin of high-risk raw materials in case risk has been identified through due diligence, including country, region, ethnicity, company name, other specific details, and the results of addressing these risks. We identified one business partner with potential issues. Follow-up investigations were conducted with the company through interviews and no issues were found.

In FYE March 2023, we expanded the Business Partner CSR Survey initiative to include business partners of the Aerospace Company.
We will continue to conduct these initiatives in FYE March 2024 and beyond, potentially conducting on-site audits of our business partners while taking into consideration the reclassification of COVID-19 as a Class 5 infectious disease.

Climate Change Initiatives

As a new initiative, in FYE March 2023 we conducted on-demand briefings targeting 320 business partners with the aim of realizing decarbonization in the supply chain. During these briefings, we shared SUBARU's CO_2 emissions reduction targets with the business partners. Furthermore, we received CO_2 emissions reports from 287 business partners (representing 90% of the total and 99% in terms of transaction value), allowing us to visualize the CO_2 emissions for each of our business partners. We also conducted a trial calculation of CO_2 emissions at the component level for selected business partners.

Consultation Service for Non-Japanese Workers

In addition to our existing consultation service for promoting fair trade, in FYE March 2023 we endorsed and cooperated with the supply chain human rights initiative, Japan Platform for Migrant Workers towards Responsive and Inclusive Society (JP-MIRAI), on the establishment of a consultation service for foreign workers in the supply chain in Japan. As background to this, employees of the Purchasing Division, including the general manager in charge, took part in JP-MIRAI's "Consultation and Relief Pilot Project for Foreign Workers."

We continued our participation with the "Collaborative Program for Companies Responsibly Hosting Foreign Migrant Workers," which marked the full-fledged implementation of the program in FYE March 2024, targeting local business partners. We provide support in nine languages* for the consultation service, the area of the program that SUBARU is involved in. This service is available not only for non-Japanese but also Japanese workers employed by business partners.
The consultation service covers a wide range of topics, from gathering information about daily life in Japan to addressing concerns related to human rights and labor issues. For matters that cannot be resolved through the consultation service, we provide accompanying support through consultations with specialists such as lawyers, or utilize the Tokyo Bar Association's Alternative Dispute Resolution (ADR) for added assistance. This ensures a fair and transparent approach through third-party involvement.
We held a briefing for relevant business partners on the procedures for using the consultation service and requested that they disseminate the information among their employees.
The overall program, including the consultation service, has been developed by taking into account the feedback and input from companies and stakeholders, including suppliers, that participated in the pilot project.

* English, Chinese, Spanish, Portuguese, Indonesian, Tagalog, Burmese, Vietnamese, and Nepali (as well as basic Japanese)

› JP-MIRAI

Responsible Mineral Procurement

The SUBARU Group has no intention of colluding in the infringement of human rights and environmental destruction by procuring and using conflict minerals. As a member of the Japan Automobile Manufacturers Association (JAMA), we have been actively participating in collaborative efforts addressing conflict minerals since FYE March 2015. In FYE March 2023, we expanded the scope of our conflict mineral survey from our traditional 361 suppliers of automotive components and materials to include business partners specializing in repair parts, bringing the total number of surveyed companies to 394. We also conducted a cobalt survey for certain business partners in FYE March 2023 following similar efforts in the previous year. We will work to roll out surveys regarding minerals other than these conflict minerals (tin, tantalum, tungsten, and gold). Going forward, SUBARU's policy is to work toward "No use of materials engendering social problems" in partnership with our customers and suppliers as our social responsibility in procurement activities. As one of our initiatives, we codified our Responsible Mineral Procurement Policy in May 2022 as follows.

Responsible Mineral Procurement Policy

- The SUBARU Group aims for non-use of raw materials that engender social problems, such as infringement of human rights and environmental destruction.
- We will clearly state this approach in the SUBARU Supplier CSR Guidelines and request that those in our supply chain comply with these.
- As one of our initiatives, we will conduct an annual conflict minerals survey targeting the direct material supply chain.
- In this survey, we referenced the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, using the Conflict Minerals Reporting Template (CMRT), a questionnaire provided by the Responsible Minerals Initiative (RMI), and other information. We used this to trace through the supply chain and identify smelters, working to avoid procuring raw materials from smelters that are linked to the infringement of human rights or sources of funding for armed groups in conflict and high-risk areas, such as countries around the Democratic Republic of the Congo.
- In addition, for minerals other than conflict minerals (tin, tantalum, tungsten, and gold) such as cobalt, for which child labor is a concern in some mining, we will use the Extended Minerals Reporting Template (EMRT) questionnaire provided by the RMI, as well as other tools, to conduct due diligence. If any problems are found, we will take necessary corrective measures.
- In our activities, we will cooperate with our customers, business partners, industry bodies, and other stakeholders, and strive to disclose information.

Established in May 2022

Green Procurement Guidelines

The SUBARU environmental policies state that "Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection." We promote the procurement of parts, materials, and services from business partners who implement business activities that consider the environment. In addition, SUBARU has expressed in the SUBARU Green Procurement Guidelines its expectations for business partners regarding environmental initiatives. The guidelines primarily request cooperation in the following 10 areas:

Requirements for Suppliers

Requirements concerning Suppliers' Environmental Management

1. Compliance with environmental laws and regulations
2. Establishment of environmental management system (EMS)
3. Submission of Environment Manager registration forms
4. Improved environmental performance

Requirements for Activities Considering the Entire Life Cycle

5. Reduction of greenhouse gases
6. Utilization of recycled resource materials
7. Appropriate management of water resources
8. Addressing biodiversity

Requirements for Parts, Materials, and Services Supplied to SUBARU

9. Management of substances of concern
10. Reduction of CO_2 emissions and packaging and wrapping materials in logistics

Compliance to these guidelines is considered a necessary criterion for selecting business partners, and we recommend new business partners to formulate an EMS with the acquisition of ISO 14001*2 third-party certification at its base. Currently, all of our Tier 1*3 business partners have already acquired ISO 14001 certification. In case our new business partners have difficulty acquiring ISO 14001, we review their compliance status by having them submit voluntary assessment reports based on our EMS, while supporting them with the acquisition of Eco Action 21*4.
To those business partners who have passed our voluntary examination, SUBARU makes inquiries or performs audits as necessary and requests them to continue efforts toward early acquisition of third-party certification for environmental management.

*2 International standard for environmental management systems (EMS) established by the International Organization for Standardization (ISO). It is a management system standard to certify that an organization considers the environment and has built a system for continuously reducing environmental impact.

*3 Companies that directly supply parts to car manufacturers. They are primary business partners. Tier 2 business partners are companies that supply Tier 1 with those parts that make up the Tier 1 company parts.

*4 Environmental conservation activity promotion program for SMEs formulated by Japan's Ministry of the Environment that addresses three areas: environmental management systems, environmental efforts, and environmental reporting, based on the guidelines.

› SUBARU Green Procurement Guidelines*5 PDF/594KB
› Green Procurement Guidelines Aerospace Company Edition*5 PDF/837KB

*5 The SUBARU Green Procurement Guidelines and the Green Procurement Guidelines Aerospace Company Edition are concrete forms of topic "(3) Environment" in the SUBARU Supplier CSR Guidelines.

Management and Reduction of Environmentally Hazardous Substances Contained in Parts

SUBARU complies with laws and regulations concerning substances of concern in each country, including the REACH regulation*6 and ELV Directive*7. We perform usage surveys regarding chemical substances contained in parts to our business partners as necessary and continue to perform management of those substances. In addition, we are sequentially switching from materials that are prohibited by laws, regulations, or self-regulations such as industrial norms to alternative materials, and are working to reduce environmentally hazardous substances.
In addressing the REACH regulation, we disclose information about substances of very high concern (candidate substances for regulation) on our homepage for users of SUBARU vehicles in Europe.

*6 REACH regulation: European regulation on chemical substances requiring all chemical substances to be subject to management or restriction measures commensurate to the risk that they pose to humans and the environment.

*7 The End-of-Life Vehicles (ELV) Directive: European Union (EU) directive brought into force in 2000 to reduce the environmental impact from the scrapping of end-of-life vehicles in the EU. It aims to prohibit the use of hazardous substances and promote a reduction in waste products by encouraging the reuse or recycling of used vehicles and their parts.

Procurement with Consideration for Biodiversity

SUBARU surveys the use of biological resources, including cowhide and plant-derived materials, to ensure no negative impact on the ecosystem during procurement of raw materials. In FYE March 2023, we conducted due diligence through online interviews with one cowhide fabric manufacturer and one rubber parts manufacturer.
SUBARU also uses copy paper made from 100% recycled paper pulp that is not from new plant resources. Furthermore, as part of our efforts to go paperless, we aim to provide payment guides for our business partners solely online by the end of FYE March 2024. In January 2023, we succeeded in going completely paperless for the standard forms used in office procedures related to maintenance parts and vehicle accessories.

Communication with Suppliers

In our Automotive Business, we had been hosting Policy Briefings every spring to share policies on development, quality, procurement, and production with our business partners. These briefings were held online in FYE March 2022 and 2023, however, due to COVID-19. For subsequent events involving our business partners, we switched to in-person meetings in line with changes in the environmental landscape, being sure to prioritize the safety of all participants. Going forward, we will continue to exchange information with our business partners in collaboration with a cooperative association involving business partners.
The Aerospace Company held the SUBARU Status Report Meeting for our business partners in May and November 2022, and a New Year's business briefing for 178 business partners in January 2023.

Community Engagement

Our Approach

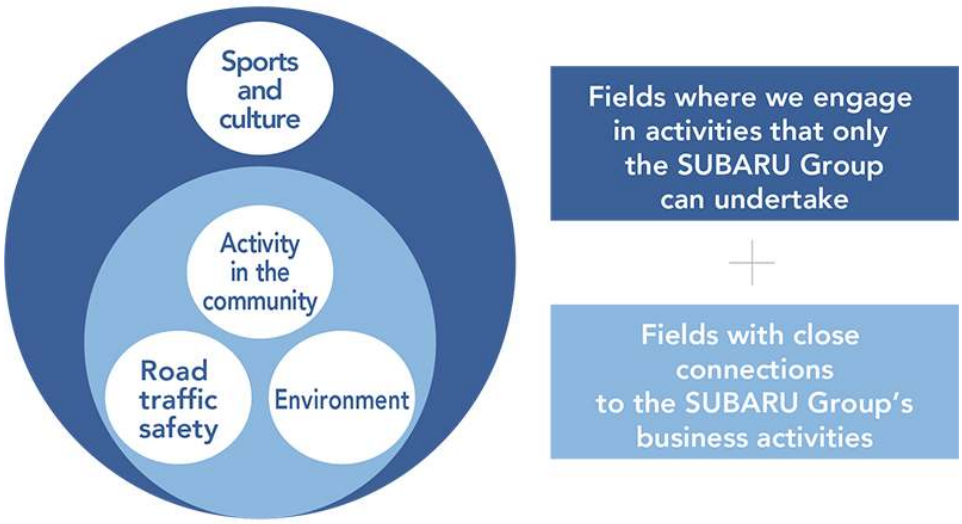
The SUBARU Group has developed its social contribution policy in the hope of ingraining the practice of social contribution into corporate culture and to foster sincere commitment to such practice. In accordance with the policy, we promote social contribution activities in the four fields—activity in 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 community engagement 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 become a company "delivering happiness to all," as described in the mid-term management vision "STEP."
We recognize that among the issues we currently face is the need to further raise awareness of community engagement among our employees. By strengthening employee participation initiatives and collaborating with Group companies, we will strive to raise awareness throughout the SUBARU Group.
Pandemics, such as the one brought about by COVID-19, also present a risk to our community engagement efforts. In situations like these, we will be collaborative and dynamic in order to put participant safety first, including adapting initiative content and carrying out infection prevention measures.

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.

Established in March 2005

The Four Fields of Community Engagement Initiatives



Vision for 2025

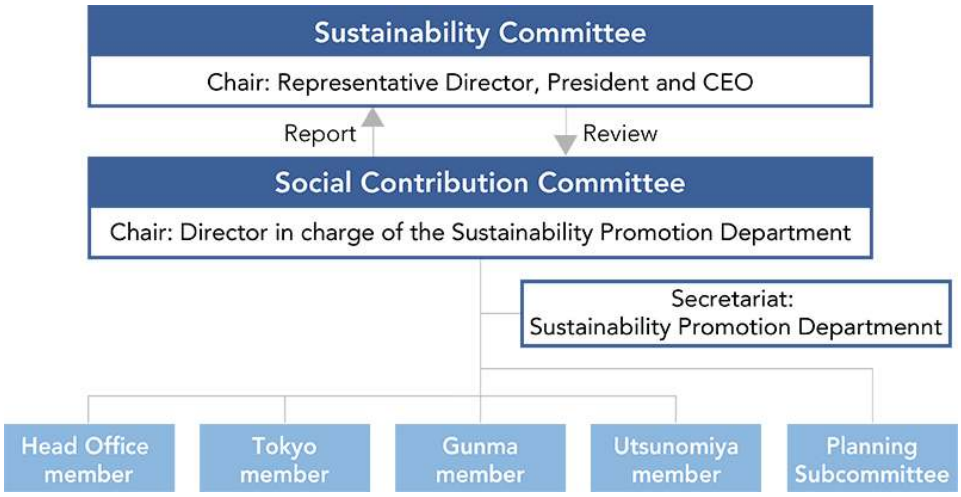
1. The background and reasons that the four fields were selected for social contribution initiatives are fully understood and ingrained across the SUBARU Group.
2. The SUBARU Group is developing activities in consideration of the four fields.
3. The SUBARU Group's entire workforce is fully aware of the importance of community engagement.

Management System

SUBARU has established the Social Contribution Committee to advance community engagement activities with the aim of making these activities an integral part of the SUBARU Group's corporate culture and becoming a company that is trusted by stakeholders. With participation of business site directors, the committee works to advance community engagement initiatives. Under the committee, the cross-organizational Planning Subcommittee has been created to discuss issues related to company-wide activities, ranging from planning and preparation to implementation, evaluation, and review. The committee meets every six months to compile reported activity results and issues for the SUBARU Group, and discuss improvement plans to invigorate efforts.

Social Contribution Committee meeting

Social Contribution Committee: Organization chart



Initiatives

Activity in the Community: in Japan

Communication with Local Residents (Gunma Plant, Utsunomiya Plant)

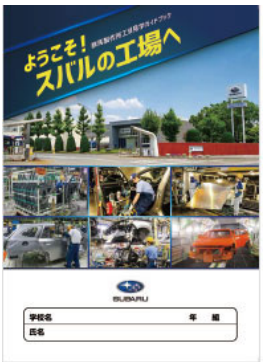
SUBARU strives to communicate with people living in districts where its offices, plants, and company housing facilities are located, aiming to become a corporate citizen open to the community.
At the Gunma Plant, we send representatives to town council member homes every month to exchange information and explain the Company's current situation and its environmental activities. Our annual factory tours for local residents were

canceled in FYE March 2023 to help prevent the spread of COVID-19. In the event of potential noise or vibration caused by construction work, we work to make neighbors aware of the situation in advance, visiting their homes to provide explanations and issuing postings in the area. We also make regular visits during the construction period and check up on the situation. The Utsunomiya Plant organizes community events in a bid to increase communication with local residents. In addition, when conducting construction work that may generate noise and vibration, we visit the relevant community associations in advance to explain and ask for understanding from local residents. We also distribute related information directly, as appropriate, to the individual households concerned.

Factory Tours (Gunma Plant, Utsunomiya Plant)

Gunma Plant

The Gunma Plant welcomes general visitors to factory tours, and also hosts elementary school field trip programs. From November 2020, visits were limited to remote tours to prevent the spread of COVID-19. Beginning in FYE March 2023, we have resumed site tours for elementary schools located within Gunma Prefecture. Since this resumption, 11,979 students participated in remote tours and 4,918 students participated in site tours. These tours have been well-received not only by visiting students but also by their teachers, who are able to see how SUBARU makes its cars, as well as its factory facilities.



Factory tour leaflet

Online factory tour

Utsunomiya Plant

We participate in the Town Exploration program conducted by neighboring elementary schools as part of their social studies curriculum, hosting approximately 15 students each year. The program creates opportunities for children to grow their interest in society by talking to them about aircraft during a tour of our exhibition models, as well as by introducing the plant's environmental initiatives, such as the promotion of recycling and technologies for fuel-efficient manufacturing.

Instructor Dispatch to Educational Institutions (Gunma Plant, Utsunomiya Plant)

Gunma Plant

Since FYE March 2023, we have been dispatching instructors to neighboring elementary, middle, and high schools. At lessons, students listened attentively as lecturers presented on SUBARU's businesses, how it works to be a company "delivering happiness to all," and how they came to be in their current jobs.

Instructor Dispatch Project

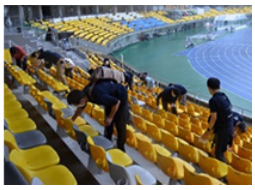
Utsunomiya Plant

Since FYE March 2022, we have been supporting the Instructor Dispatch Project sponsored by the Tochigi Association of Corporate Executives. In FYE March 2023, the Chief General Manager of the Utsunomiya Plant was dispatched as an instructor to a local school, Utsunomiya City Younan Junior High School. He introduced the plant's business activities to students, and also discussed important points for the work they do there. In addition, nine employees were dispatched as interview committee members for the selection examination for newly hired public school teachers in Tochigi Prefecture.

Instructor Dispatch Project

Community Cleanup Activities (Gunma Plant, Tokyo Office, Utsunomiya Plant)

As part of its community engagement initiatives, SUBARU carries out cleanup activities on a regular basis in districts where its offices and plants are located. In FYE March 2023, while events were canceled or scaled back after due consideration to the spread of COVID-19, the Utsunomiya Plant conducted volunteer cleaning activities inside the Kanseki Stadium Tochigi, the main venue for the National Sports Festival. As a responsible community member, we will continue with these beautification activities to help conserve local environments.



Employees engaged in cleanup activities (Utsunomiya Plant)

Advancing the SDGs Alongside Communities (Utsunomiya Plant)

In March 2021, the Utsunomiya Plant registered for Tochigi Prefecture's Tochigi SDGs Promotion Company Registration System. In this system, the prefectural government maintains a registry of declarations made by companies doing business in the prefecture on the topics of the environment, society, and economy. This system is designed to promote independent company actions toward the achievement of the SDGs. Going forward, we will be proactive in our actions here, linking growth at our business sites with growth of the region.

Registration Logo for Tochigi SDGs Promotion Companies

Local Community Events (Gunma Plant, Tokyo Office, Utsunomiya Plant)

In order to build a better relationship with the local communities adjacent to our business sites, SUBARU invites local residents to join events or exhibitions it holds on its premises or at local public facilities. In FYE March 2023, while paying utmost attention to the spread of COVID-19, we were proactive in holding events deemed feasible with the understanding of the local community.

・Holding a Projection Mapping Event (Gunma Plant)

The Yajima Plant within the Gunma Plant played host to the Happy Smiley Project, a projection mapping event lighting up the walls of the plant. About 50 employees volunteered to participate in the planning and operation of the event, which brought smiles and excitement to many visitors by projecting pictures drawn that same day by local children.

Projection mapping at the plant

・Monozukuri Classes (Tokyo Office)

In cooperation with Subaru Techno Corporation, SUBARU holds Subaru Monozukuri Classes for elementary school students in Mitaka City, where SUBARU has an office. These classes teach students how SUBARU makes its vehicles, offering them the opportunity to model and run their own cars. Participants get hands-on experience, learning things like the differences between two-wheel drive (2WD) and four-wheel drive (AWD) vehicles, such as their design and handling. Each year, we receive more applications than slots available for this very popular event. In FYE March 2023, and with infection control measures in place, these classes were held for the first time after a three-year gap due to the spread of COVID-19. We will continue our activities to bring the joy and importance of manufacturing to as many children as possible.

Learning about the differences between 2WD and 4WD vehicles

・Holding the SUBARU Summer Festival (Utsunomiya Plant)

The SUBARU Summer Festival was held at Yonan 2nd Park in Utsunomiya City for the first time in three years, attracting approximately 2,500 visitors, including local residents, employees' families, and former employees. In FYE March 2023, a number of infection control measures were taken to help make the event one that visitors could enjoy with peace of mind, such as antigen testing of all visitors, banning alcohol consumption, and shortening event hours.

The SUBARU Summer Festival

・Exhibiting at the Ebisu Cultural Festival (Head Office)

To further deepen our connection with the local community, we have been exhibiting at the Ebisu Cultural Festival* starting in 2019. Our teams work hard to come up with fun programs to exhibit each year, including crafting musical instruments from thinned wood harvested in SUBARU's forest conservation campaigns, workshops to experience the difference in driving style between 2WD and 4WD vehicles, and stargazing themed on environmental conservation activities and featuring SUBARU's star-studded brand logo. As a member of the local community, we will continue our efforts to revitalize the Ebisu area.

* An event mainly held at Yebisu Garden Place and organized by people connected to Ebisu with the support of organizations and companies based there.

The SUBARU booth at the Ebisu Cultural Festival

Donating Disposable Warming Pouches (Tokyo Office)

Of the disposable warming pouches stored as disaster supplies at the Tokyo Office, 2,640 that were about to expire were donated to Mitaka City Hall to be used by the Mitaka City Silver Human Resources Center and other organizations. For this effort, the Mayor of Mitaka City presented SUBARU with a letter of appreciation.

Presentation of the letter of appreciation

Donating Goods to the "Miyakko no Ibasho" Program (Utsunomiya Plant)

In support of Utsunomiya City's activities to create places for local children and support children in need in the "Miyakko no Ibasho" Program, we donated tables and chairs from our cafeteria that were scheduled to be disposed of to support organizations. (Total donations: 14 tables and 43 chairs to 5 organizations)

Donating tables and chairs

Presenting an Event Booth at the 2022 Japan Cup Cycle Road Race (Utsunomiya Plant)

For the 2022 Japan Cup Cycle Road Race, held in Utsunomiya City, SUBARU presented an event booth at one of its venues, Utsunomiya City Forest Park. As a local company, we exhibited panels about our business activities and CSR efforts, and presented a model of the new utility helicopter SUBARU BELL 412EPX, enlivening the event and providing an opportunity to show off our Aerospace Business activities.

The SUBARU event booth

Receiving a Letter of Appreciation from the Japan Self-Defense Force Tochigi Provincial Cooperation Office (Utsunomiya Plant)

SUBARU was awarded a letter of appreciation for its contribution to the stable expansion of the defense infrastructure by deepening mutual understanding of aircraft through exchanges of opinions with the Self-Defense Forces, as well as for contributing to Self-Defense Force missions by hosting training programs for its members.

Presentation of the letter of appreciation

Disaster Response Countermeasures

・Providing Training Grounds (Tokyo Office)

For the comprehensive earthquake fire drill, which is held at all fire stations in the jurisdiction of the Tokyo Fire Department, we provided some facilities and locations in our Tokyo Office as a training site for the Mitaka and Musashino district fire stations. A letter of appreciation was awarded to SUBARU by the Tokyo Fire Department for our contributions to firefighting operations.

Fire drills

・Concluded a Disaster Preparedness Agreement with Utsunomiya City (Utsunomiya Plant)

In October 2021, we concluded an agreement with Utsunomiya City regarding the use of facilities in the event of a disaster. Under this agreement, in the event of wind or flooding damage in Utsunomiya City, the parking facilities of the Utsunomiya Plant will be temporarily opened as an evacuation site for vehicles owned by the city's citizens living in designated flooding zones. In June 2019, the plant was officially registered by the City of Utsunomiya as a Disaster Prevention Cooperation Office, one that will cooperate in local disaster prevention activities, including cooperation in providing human resources and goods support during disasters.

Signing of the disaster-preparedness agreement
Chief General Manager of the Utsunomiya Plant (left), Mayor of Utsunomiya City (center), President of KANSEKI CO., LTD. (right)

Activity in the Community: Overseas

Providing School Supplies to Educational Institutions (Subaru of America, Inc.)

In a partnership between Subaru of America, Inc. (SOA) and the NPO AdoptAClassroom.org, SUBARU retailers work to provide supplies to schools in need and students in difficult circumstances. In FYE March 2023, SOA provided support to seven public schools in its head office's city of Camden, New Jersey through AdoptAClassroom.org for the purchase of writing materials and other school supplies. SOA also held an event to assist in classroom maintenance for the new school year, sending 115 employee volunteers to 11 public schools.

› 2022 Corporate Impact Report "Subaru Loves Learning"
› Subaru Loves Learning – Subaru

Supporting classroom maintenance

The Subaru Love Promise by Subaru of America, Inc.

Subaru of America, Inc. (SOA) views sustainability of society and of our SUBARU Group as showing love and respect to our stakeholders and acting accordingly. In its vision to achieve this, The Subaru Love Promise, SOA aims to become more than a car company. Here, SOA strives to earn the trust of its stakeholders by following through on its five promises, showing integrity and compassion with the goal of exceeding their expectations.

› The Subaru Love Promise | More than a Car Company

Five Promises

Sponsoring National Engineers Day (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. (SIA) sponsored National Engineers Day, held at The Children's Museum of Indianapolis. SIA also dispatched employee volunteers to the event, which featured a hands-on class on solving problems through science and engineering.

Engineers Day

Sponsoring Boy Scouts of America Events (Subaru of Indiana Automotive, Inc.)

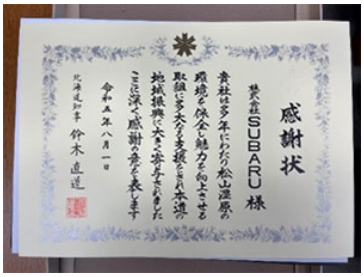
Subaru of Indiana Automotive, Inc. sponsored the Pinewood Derby races, a children's event organized by the Boys Scouts of America Sagamore Council. In this event, children built and raced model cars from kits containing wooden blocks and plastic wheels.

Model car races

Environment: In Japan

SUBARU Forest Project

Since FYE March 2018, SUBARU has been working on the SUBARU Forest Project, an initiative that is directly linked to biodiversity conservation and embodies the idea of coexistence with nature included in the SUBARU Environmental Policies. SUBARU is working with Bifuka Town in Hokkaido, Gunma Prefecture, and Utsunomiya City in Tochigi Prefecture, where SUBARU has close ties with local communities. We promote forest protection activities, such as for supporting forest management, tree planting and use of thinned wood obtained from forest management work. In our efforts with Bifuka Town, we have purchased J-Credits every year since FYE March 2022. In addition, SUBARU has been utilizing the corporate version of a hometown tax donation program—the government's tax incentive scheme to encourage companies to support regional revitalization—to donate six million yen to the Hokkaido government's Matsuyama Marsh* Forest Project over two donations of three million yen and over three years starting from FYE March 2020. The donations are used, among others, for boardwalk improvements in Matsuyama Marsh. The Governor of Hokkaido Prefecture presented SUBARU with a letter of appreciation in recognition of its many years of



Letter of appreciation from the Governor of Hokkaido Prefecture

support for efforts to preserve the environment and improve the attractiveness of the Matsuyama Marsh, and for its significant contribution to regional development in Hokkaido.

* Matsuyama Marsh (Bifuka Town): Japan's northernmost high-altitude wetland situated 797 meters above sea level. As the marsh is home to around 200 distinctive plant species, including ferns and mosses, the Ministry of the Environment has selected it as one of Japan's 500 most important wetlands.
SUBARU, Bifuka Town, and the Hokkaido Government Kamikawa General Subprefectural Bureau signed an agreement to promote conservation of the forest environment in Bifuka Town in 2019.

› Biodiversity: SUBARU Forest Project

Donating Bike Racks Made of Thinned Wood (Gunma Plant)

In March 2022, the Gunma Plant donated bike racks made of thinned wood from the SUBARU Friendship Forest Akagi to Gunma Prefecture. The 10 donated bike racks have been installed mainly in forest parks in Gunma Prefecture for the benefit of cyclists visiting the parks.

Donating bike racks

Donating Unwanted Shoes to an NPO (Gunma Plant)

At the Gunma Plant, we sponsor the Hachioji Hill Fun Trail in Ota running event. Event participants were asked to donate shoes that were still wearable but no longer worn, resulting in the collection of 71 pairs of shoes. The collected shoes were recycled and donated to an overseas NPO that supports children in need.

Collection of unwanted shoes

Teaching a School Class (Utsunomiya Plant)

Starting from FYE March 2007, the Utsunomiya Plant sends employees to local elementary and junior high schools to teach classes designed to increase children's interest in the field of aerospace and the environment, seeking to raise their environmental awareness and present a future career option.
Our programs contain lectures and experiments to learn about global warming, primarily major causes and the significance of stopping the phenomenon, as well as the principles of aircraft flight and enironmentally friendly car-making. In FYE March 2023, we once again made utmost efforts to refrain from school visits in the interest of the children's safety, and held programs online. Having taught 21,784 students in total at 334 schools in Utsunomiya and Handa districts over the years, this project has become an essential local community activity.

Teaching a school class

Environment: Overseas

Subaru Park Zero Landfill (Subaru of America, Inc.)

Since 2020, Subaru of America, Inc. has operated a partnership with Philadelphia Union, a team participating in Major League Soccer (MLS) in the U.S. The team's stadium, named Subaru Park, has become the first zero-landfill-waste MLS stadium. In one of the related sustainability initiatives, more than 70 volunteers participated in the Subaru Park Garden for Good organic cultivation program at the stadium in Chester, Pennsylvania. In 2022, the program donated around 2,000 pounds of fruit and vegetables, equivalent to 8,000 servings, to local foodbanks. It also keeps 357,480 pounds of trash out of landfills, half of which is recycled thanks to the help of fans.

Subaru Park Zero Landfill

Road Traffic Safety

Traffic Safety Awareness Activities (Gunma Plant)

The Gunma Plant-based SUBARU baseball team, together with a professional basketball team based in Ota City and in conjunction with National Road Traffic Safety Week, conducted traffic safety awareness activities at Ota Station and Niragawa Station in Ota City with the cooperation of Tobu Railway and the Ota Police Station. Under the theme that walking while using a smartphone is dangerous, they greeted commuters at Station, distributing original tissues. In FYE March 2019, we also started an initiative to install traffic safety signs on utility poles on Ota City's school roads. As of April 2022, a total of 29 signboards have been installed in an effort to prevent traffic accidents for local residents.

Traffic safety awareness activities at train stations

Installing Traffic Safety Signs

Activities of the Association of Driving Safety Supervisors (Utsunomiya Plant)

At the Utsunomiya Plant, SUBARU serves as the president of the southern Utsunomiya branch of the Tochigi Prefecture Association of Driving Safety Supervisors. We work with community associations located around the plant and the Utsunomiya Minami Police Department to promote local road traffic safety activities in order to raise awareness in the southern Utsunomiya district.
In March 2022, the Chief of the Utsunomiya Plant, Shoichiro Tozuka, received a letter of appreciation from the chief of the Utsunomiya Minami Police Department for his longtime efforts in safe driving management as the chairman of the Association of Driving Safety Supervisors in the Utsunomiya Minami district.

Association of Driving Safety Supervisors in session

Certificate of commendation

Distributing Desk Pads Warning about Traffic Accidents (Fukushima SUBARU)

We supported an initiative sponsored by Fukushima Broadcasting Co., Ltd. to distribute desk pads to all new schoolchildren in Fukushima Prefecture to warn them about traffic accidents, and cooperated in local traffic safety activities.

Desk pad calling for traffic safety (front and back)

Sponsoring a Safe Driving Support Vehicle Experience Event for Elderly Drivers (Kanagawa SUBARU)

SUBARU sponsored a Safe Driving Support Vehicle Experience event, held by the Kanagawa Prefectural Police and a non-life insurance company at a driving school, and loaned a vehicle to the event. Two hands-on sessions were held for elderly adults in the community, with a total of about 50 participants. SUBARU presented driver assistance using actual vehicles and delivered lectures.

Safety support car test ride event

Sports and Culture: In Japan

SUBARU's Baseball Players and Track and Field Team Members Coach Children

The "How to Run Faster" Class was held by the Oizumi Town Sports Culture Promotion Foundation at the Subaru Sports Park in Oizumi Town, coached by five of SUBARU's track and field team members and one of its coaches. Around 40 local elementary school children learned basic movements in running and studied practical training methods.
In addition, the Gunma Prefectural High School Baseball Skills Training Course was held by the Gunma Prefecture High School Baseball Federation at the Shikishima Baseball Stadium, with players from SUBARU's baseball team serving as instructors. Instructors provided practical guidance on pitching, batting, and fielding to high school baseball club players in Gunma Prefecture, who showed sincere dedication to the course.

Running clinic

Baseball clinic

Providing "Lifesaving Cars" to the Japan Lifesaving Association

In supporting the JLA*1 in its goal of zero water accidents, SUBARU provides Subaru Lifesaving Cars, used for monitoring activities and transport of emergency rescue equipment at beaches. Starting with the provision of this service in Kanagawa, Chiba, and Shizuoka prefectures in FYE March 2021, the scope of this support has been expanded to beaches in 27 of Japan's prefectures in FYE March 2023. Here, 23 SUBARU dealerships*2 provided 29 vehicles in contribution to beach patrols and rescue and relief efforts during the summer. From FYE March 2023, we are expanding the scope of our support and activities as an official partner of JLA.

*1 The Japan Lifesaving Association (link to website)

*2 Hokkaido Subaru Co., Ltd., Iwate Subaru Inc., Miyagi Subaru Inc., Yamagata Subaru Inc., Fukushima Subaru Inc., Niigata Subaru Inc., Hokuriku Subaru Inc., Chiba Subaru Inc., Tokyo Subaru Inc., Kanagawa Subaru Co., Ltd., Shizuoka Subaru Motor Co., Ltd., Nagoya Subaru Motor Inc., Kyoto Subaru Inc., Hyogo Subaru Inc., Hiroshima Subaru Inc., Sanin Subaru Inc., Okayama Subaru Inc., Yamaguchi Subaru Inc., Higashi Shikoku Subaru Inc., Fukuoka Subaru Inc., Oita Subaru Inc., Minami Kyushu Subaru Inc., Okinawa Subaru Inc.

Vehicle handover event

Supporting Sporting Organizations and Sporting Events

SUBARU supports the activities of the Ski Association of Japan, the Japan Canoe Federation, and the Japan Cycling Federation as an official sponsor, and also provides operational vehicles for sporting events such as the New Year Ekiden relay race and the Tokyo Marathon.

Support for the National Sports Festival in Tochigi (Utsunomiya Plant)

In order to produce hand towels for distribution at the National Sports Festival and the National Sports Festival for People with an Impairment, held in Tochigi Prefecture, we installed used clothing collection boxes at the Utsunomiya Plant and the SUBARU Research and Experiment Center, both of which are located in the prefecture. Approximately 54 kg of clothing was collected from employees over the course of a month and donated to Tochigi Prefecture.

Donating used clothing

Sponsoring a Christmas Concert (Head Office)

The Takofes Christmas Concert was held by the Higashi Ebisu Store Association at the EBiS303 (Ebisu Subaru Building). This concert, celebrating its seventh year since launching in 2016, was held free of charge with the joint support of local residents and companies, including SUBARU as a local corporate sponsor. Like in previous years, the FYE March 2023 concert was held with rigorous measures taken to prevent COVID-19 infection. The 283 attendees enjoyed a powerful and splendorous performance from the professional orchestra.

Christmas concert performance

Holding the STI Circuit Drive (Subaru Tecnica International)

This annual event is held for owners of SUBARU vehicles, with the aim of linking the learning and growth gained through participatory motorsports to the joy of life. As a result of the online application process, approximately 100 cars and their owners gathered to not only experience the fun of driving but also to learn about driving etiquette and safety, such as proper driving position, eye contact, and pedal work on the accelerator and brake from professional drivers, invited as lecturers.

Driving course using our circuit

Sports and Culture: Overseas

Drive-in Movie Event (Subaru Canada, Inc.)

Subaru Canada, Inc. held a drive-in movie viewing for SUBARU owners. In FYE March 2023, viewers in approximately 200 cars enjoyed a drive-in cinematic experience. The event has been well received by participants as an opportunity to deepen exchanges among SUBARU drivers.

Drive-in movie event

Response to the Spread of COVID-19

Donated a Droplet-Suppressing Vehicle for Transporting Infectious Patients (Gunma Plant)

In July 2022, SUBARU donated to the Ota City Fire Department a vehicle designed to suppress droplet circulation and transport infectious patients. This vehicle was developed by the Engineering Management Division of Gunma Plant. This transport vehicle's driver's seat and rear seats are separated by a special transparent film, and the driver's seat area is constantly pressurized in order to prevent secondary infection from the patient riding in a rear seat. We also used a 3D printer to create parts that allow the air conditioner in the driver's seat to blow air to the rear seats, making it possible to transport patients with peace of mind and comfort.

Donating a vehicle

Conducting Workplace Vaccinations (Gunma Plant, Utsunomiya Plant, Head Office)

Two workplace vaccination courses were conducted against COVID-19 to reduce the vaccination burden on local medical institutions.

Creating and Donating Partitions Made from Surplus Materials to the Tochigi Prefectural Government and Medical Institutions (Utsunomiya Plant)

The partitions were made from lightweight and durable carbon materials and fiberglass left over from the manufacturing process. Continuing from FYE March 2022, a total of 48 sets were donated to the Tochigi prefectural government and medical institutions in Tochigi Prefecture. In July 2022, the Governor of Tochigi Prefecture awarded us a letter of appreciation for these activities.

Donated partitions

Presentation of the letter of appreciation

Donation, Volunteer Activities, etc.: In Japan

Employee Volunteer Award Program

Based on the concept of ingraining the practice of social contribution into corporate culture and to foster sincere commitment to such practice, we have established a volunteer award program to encourage each employee to participate in volunteer activities and to raise awareness of social contribution activities.
This award is given annually, and the Social Contribution Committee deliberates and selects winners from among the applicants. In FYE March 2023, the 18th year of the program, the award system was revised to make it easier for more employees to apply, and applications were received for a wide range of activities, including sports instructors, national volunteer activities, blood donation, and lifesaving. Award winners are engaged in their activities with the mindsets of wanting to do something to benefit the world and to inform more people about the activities they are engaged in.

Voluntary Employee Donation System

SUBARU has implemented a system where employees can easily use the company welfare program to donate to important causes. In the event of a disaster, we also offer easy donation through temporary special contact points to support the affected areas.

Supporting Areas Affected by the Earthquake in Southeastern Turkey

SUBARU has donated 100,000 euros in aid to the United Nations High Commissioner for Refugees (UNHCR) to support the areas affected by the earthquake that struck southeastern Turkey in February 2023. In addition, in order to provide a wider range of support, we have established the SUBARU Group Employee Web Donation Box for employees of Group companies in Japan and dealerships to make donations to Save the Children Japan, in addition to offering the company welfare program as a donation method. Furthermore, SUBARU matched all employee donations to the UNHCR, and provided additional donations as well.

Tohoku Reconstruction Support Festival (Head Office, Tokyo Office)

SUBARU participates in the Tohoku Reconstruction Support Festival organized by Keidanren (the Japan Business Federation) to support the recovery from the Great East Japan Earthquake. We hold events in-house with participation from the three prefectures of Iwate, Miyagi, and Fukushima, all of which were severely damaged by the earthquake. These events are held under the theme of direct employee action. In FYE March 2023, internal sales events were held at the Head Office and Tokyo Office, and in addition to helping with the sale of special products from each prefecture, these events also offered a place where they can provide information about recovery status and tourist attractions.
Furthermore, special dishes using ingredients from Tohoku were served at the company cafeterias of the Head Office, Tokyo Office, and Gunma Plant.

SUBARU internal sales event

Dishes using ingredients from Tohoku

Donations to Charitable Organizations through Bazaars Utilizing Commercialization Rights (Tokyo Office, Utsunomiya Plant)

Since FYE March 2015, the Intellectual Property Department has been holding charity bazaars utilizing commercialization rights at local community events and in-house bazaars. At these bazaars, SUBARU sells free samples received from manufacturers selling its minicars. Proceeds from sale are donated to organizations supporting children orphaned by traffic accidents.
In FYE March 2023, the Utsunomiya Plant carried out two bazaars, while the Tokyo Office carried out one, with both donating the proceeds. In addition, in May 2023 we held a charity bazaar at a traffic safety event sponsored by the Utsunomiya Minami Police Department and others, donating the proceeds.

In-house charity bazaar

Providing an Occupational Health Lecture for Public Health Students (Utsunomiya Plant)

At the request of a university in Tochigi Prefecture, we gave a lecture on occupational health as part of the university's public health science occupational health practicum. In June 2022, we welcomed students from the Dokkyo Medical University School of Nursing, and in November 2022, students from the Jichi Medical University School of Nursing.

Course on occupational health

Donating an RPH-2 Unmanned Helicopter to Fukushima Robot Test Field (Utsunomiya Plant)

SUBARU donated an RPH-2, a large unmanned helicopter used for spraying agricultural chemicals and observing volcanoes, to Fukushima Prefecture for use in social education of local students. The RPH-2 was exhibited at the Fukushima Robot Test Field operated by the Fukushima Innovation Coast Promotion Organization.

The RPH-2 unmanned helicopter

Donation, Volunteer Activities, etc.: Overseas

Conducting The Subaru Share the Love Event (Subaru of America, Inc.)

Each year, Subaru of America, Inc. holds The Subaru Share the Love Event, an initiative to donate U.S.$250 for every new SUBARU vehicle purchased or leased at a SUBARU retailer to NPOs. This activity has contributed more than U.S.$256 million over the past 15 years.

› The Subaru Share the Love Event – Subaru

Blood Drive (Subaru of Indiana Automotive, Inc.)

Subaru of Indiana Automotive, Inc. (SIA) has been running a blood drive twice a year since 1991. In FYE March 2023, SIA donated 799 units of blood, helping to save approximately 2,400 lives. In the span of over three decades, SIA has provided approximately 16,000 units of blood to more than 80 hospitals in Indiana.

Employees making a blood donation

Donation of Recycled Clothing to Mountainous Areas (Subaru of China, Ltd.)

Subaru of China, Ltd. (SOC)'s labor union facilitated a donation program, sending unused clothing to people living in places needing support, such as mountainous areas. A total of 484 items of clothing were collected from 277 SOC employees and donated.

Donating clothing

Donation to the Japan Business Society of Detroit (SUBARU Research & Development, Inc.)

Since FYE March 2021, Subaru Research & Development, Inc. has made donations to the Japan Business Society of Detroit (JBSD), a Japanese business organization in the state of Michigan. Donations are used for scholarships and cultural activities. While Subaru Research & Development, Inc. had made four donations a year for a number of years, the company only donated three times in FYE March 2023 due to the impact from COVID-19.

Governance

189 Corporate Governance

206 Compliance

211 Risk Management

Corporate Governance

Basic Policy

SUBARU has articulated the vision "Delivering happiness to all" and 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 over the medium to long term.

〈Vision〉	Delivering happiness to all
〈Value Statement〉	"Enjoyment and Peace of Mind"
〈Corporate Statement〉	We aim to be a compelling company with a strong market presence built upon our customer-first principle.

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. In addition, SUBARU seeks to ensure proper decision making and the oversight of corporate management and the execution of business operations as well as enhance its risk management system and compliance system through the monitoring of its management and operations and advice provided by outside officers. We also implement proper and timely disclosure of information in order to improve the transparency of management. SUBARU has created the Corporate Governance Guidelines with the objective of clarifying the basic concept, framework, and operating policy of its corporate governance.

› Corporate Governance Guidelines PDF/547kB (June 30, 2023)

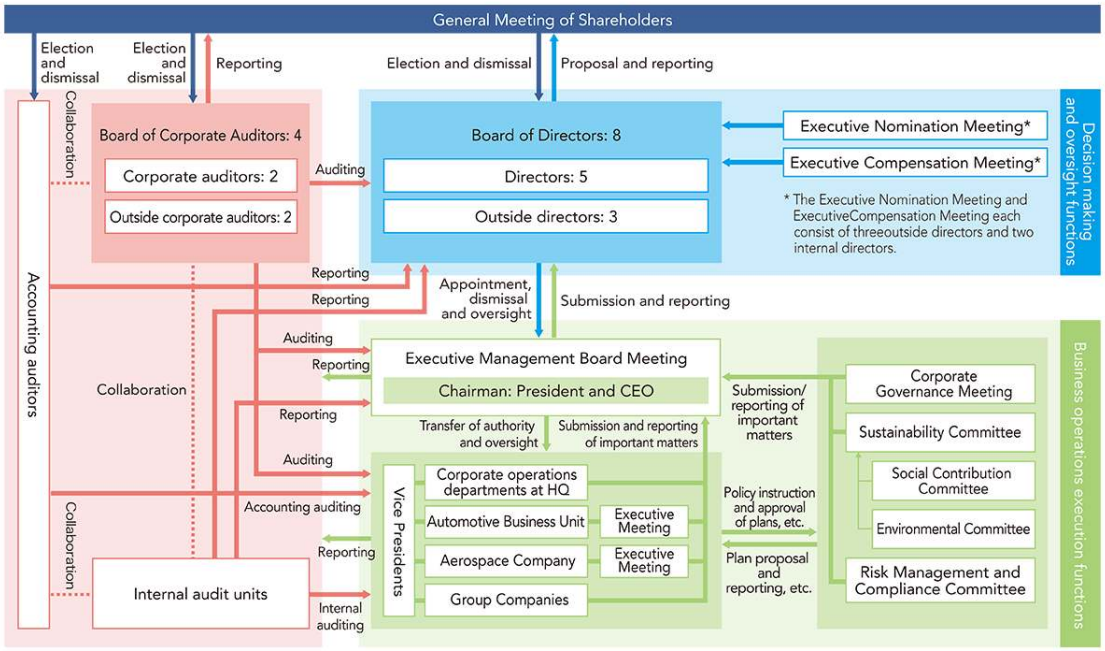
› Corporate Governance Report (Japanese version only) PDF/355kB (July 5, 2023)

Management System

SUBARU has chosen a structure with a board of corporate auditors. The Board of Directors (eight members, of which three are outside directors) and the Board of Corporate Auditors (four members, of which two are outside corporate auditors) decide, supervise, and audit the execution of important business.
This structure also enables us to achieve more sound and efficient business operations through increased effectiveness of management monitoring by involving highly independent outside directors and outside corporate auditors. At SUBARU, in order to enhance the practical governance structure based on our present organizational design, we have established two voluntary meetings: the Executive Nomination Meeting (consisting of five directors, of which three are outside directors) and the Executive Compensation Meeting (also consisting of five directors, of which three are outside directors).

As of the resolution of the 92nd Ordinary General Meeting of Shareholders held on June 21, 2023, SUBARU's corporate governance structure and the composition of the Board of Directors, Board of Corporate Auditors, Executive Nomination Meeting, and Executive Compensation Meeting are as follows.

Corporate Governance Structure



Composition of the Board of Directors (BoD), Board of Corporate Auditors, Executive Nomination Meeting, and Executive Compensation Meeting

(As of June 30, 2023)

Position	Name	Board of Directors*	Board of Corporate Auditors*	Executive Nomination Meeting*	Executive Compensation Meeting*
Representative Director	Atsushi Osaki	○		○	○
Representative Director	Fumiaki Hayata	○			
Directors	Tomomi Nakamura	◎		◎	◎
Directors	Katsuyuki Mizuma	○			
Directors	Tetsuo Fujinuki	○			
Independent Outside Director	Yasuyuki Abe	○		○	○
Independent Outside Director	Miwako Doi	○		○	○
Independent Outside Director	Fuminao Hachiuma	○		○	○
Standing Corporate Auditor	Yoichi Kato	○	◎		
Standing Corporate Auditor	Hiromi Tsutsumi	○	○		
Independent Outside Corporate Auditor	Yuri Furusawa	○	○		
Independent Outside Corporate Auditor	Yasumasa Masuda	○	○		

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

Business Operation System

SUBARU has adopted a vice president system and delegates directors' business execution authority to vice presidents. By doing this, SUBARU clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations, expediting decision making.

Major Activities in FYE March 2023

The major activities of the BoD, the Executive Nomination Meeting, and the Executive Compensation Meeting during FYE March 2023 are as follows.

Board of Directors

Meetings of the Board of Directors are held in principle once a month, and as needed otherwise, deliberating important matters based on the rules of the Board of Directors.
In FYE March 2023, the Board of Directors consisted of nine directors, including three outside directors, and met 13 times*, chaired by Director and Chairman Kazuo Hosoya. The board's business during the fiscal year included overall oversight of Company management and determinations on important business execution.
In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

Major Items Deliberated in FYE March 2023

- Determination of candidates for directors and corporate auditors as well as the CEO and other management team members
- Decision to delegate authority to the Executive Compensation Meeting to determine the individual compensation of directors and vice presidents in accordance with the Company''s executive compensation system
- Monitoring of impact on production and sales caused by semiconductor supply shortages, etc.
- Discussion on medium- to long-term management issues including electric vehicle strategy, IR/SR activities, and matters reported by the Sustainability Committee and Risk Management and Compliance Committee and other bodies

Executive Nomination Meeting

The committee is composed of three outside directors (Mr. Yasuyuki Abe, Mr. Natsunosuke Yago and Ms. Miwako Doi) and two internal directors (Mr. Tomomi Nakamura and Mr. Kazuo Hosoya). In order to ensure fairness and transparency of decisions on executive appointment, this voluntary committee, on request for consultation by the BoD, approves and submits the proposals to the BoD for the nomination of candidates for directors and corporate auditors and the selection and dismissal of vice presidents, including the Chief Executive Officer (CEO), after ample deliberation.
The Executive Nomination Meeting was held seven times in FYE March 2023, chaired by Director and Chairman Kazuo Hosoya.

Executive Compensation Meeting

The committee is composed of three outside directors (Mr. Yasuyuki Abe, Mr. Natsunosuke Yago and Ms. Miwako Doi) and two internal directors (Mr. Tomomi Nakamura and Mr. Kazuo Hosoya). In order to ensure objectivity and transparency of decisions on executive compensation, this voluntary committee, on the basis of delegation by the BoD, determines individual compensation amounts per director and other issues after ample deliberation.
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 BoD.
The Executive Compensation Meeting was held four times in FYE March 2023, chaired by Director and Chairman Kazuo Hosoya.

Major Items Deliberated in FYE March 2023

- Verification of the compensation system for directors and vice presidents introduced from the current fiscal year
- Study of executive compensation levels using external survey data
- Determination of individual performance-linked compensation amounts for directors (excluding outside directors) and vice presidents based on performance evaluations
- Determination of individual base amounts and other matters for restricted stock compensation

Membership, Meetings Held, and Attendance for the Board of Directors, Executive Nomination Meeting, and Executive Compensation Meeting for FYE March 2023

Position	Name	Board of Directors	Executive Nomination Meeting	Executive Compensation Meeting
Representative Director, President	Tomomi Nakamura	○ 100%(13 of 13 meetings)	○ 100%(7 of 7 meetings)	○ 100%(4 of 4 meetings)
Directors	Kazuo Hosoya	◎ 100%(13 of 13 meetings)	◎ 100%(7 of 7 meetings)	◎ 100%(4 of 4 meetings)
Directors	Katsuyuki Mizuma	○ 100%(13 of 13 meetings)		
Directors	Tetsuo Onuki	○ 100%(13 of 13 meetings)		
Directors	Atsushi Osaki	○ 100%(13 of 13 meetings)		
Directors	Fumiaki Hayata	○ 100%(13 of 13 meetings)		
Independent Outside Directors	Yasuyuki Abe	○ 100%(13 of 13 meetings)	○ 100%(7 of 7 meetings)	○ 100%(4 of 4 meetings)
Independent Outside Directors	Natsunosuke Yago	○ 100%(13 of 13 meetings)	○ 100%(7 of 7 meetings)	○ 100%(4 of 4 meetings)
Independent Outside Directors	Miwako Doi	○ 100%(13 of 13 meetings)	○ 100%(7 of 7 meetings)	○ 100%(4 of 4 meetings)
Standing Corporate Auditor	Yoichi Kato	○ 100%(13 of 13 meetings)		
Standing Corporate Auditor	Hiromi Tsutsumi	○ 100%(13 of 13 meetings)		
Independent Outside Corporate Auditors	Shigeru Nosaka	○ 84.6%(11 of 13 meetings)		
Independent Outside Corporate Auditors	Kyoko Okada	○ 92.3%(12 of 13 meetings)		
Independent Outside Corporate Auditors	Yuri Furusawa	○ 100%(10 of 10 meetings)*		

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

*Corporate Auditor Yuri Furusawa was elected and appointed at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022.

Board of Corporate Auditors

The Board of Corporate Auditors, as an independent organization entrusted by shareholders, is responsible for ensuring the sound and sustainable growth of SUBARU and establishing a 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 laws and regulations. The body consists of a maximum of five members in accordance with the Articles of Incorporation. It is now composed of four corporate auditors, including two outside corporate auditors, which was approved at the 92nd Ordinary General Meeting of Shareholders held on June 21, 2023. The body is chaired by the standing corporate auditor. In FYE March 2023, 12 meetings of the Board of Corporate Auditors were held.

Effectiveness of the Board of Directors: Evaluation Results

In accordance with Article 23 of the Guidelines, the Board of Directors ("BoD"), on an annual basis, analyzes and evaluates the effectiveness of the Board, considers and implements measures to improve any issues identified, and then discloses an overview of the results in a timely, appropriate manner. In the fiscal year ended March 31, 2023, aiming to apply the results of the evaluations toward enhancing the BoD's functions, the BoD confirmed efforts to address issues recognized in previous evaluations, reorganized the evaluation items on the survey and implemented interviews with certain directors, and assessed and analyzed the reasons and underlying factors behind differences in the recognition of issues. The results of this process are reported below.

Methods of evaluation and analysis

(1) Timing: December 2022–February 2023

(2) Methods: Self-evaluation survey created by a third-party body; interviews
- (a) Survey respondents: Directors (9) and auditors (5) for a total of 14 respondents
- (b) Interviewees: Chair of the BoD, Representative Director and President, and outside directors (3) for a total of 5 interviewees

(3) Process
- (a) Third-party body conducts anonymous self-evaluation survey of directors and auditors
- (b) Third-party body conducts interviews with the chair of the BoD, Representative Director and President, and outside directors
- (c) Third-party body aggregates and analyzes survey responses and interviews
- (d) BoD verifies and discusses reports received from third-party body

(4) Evaluation items on the survey
- (a) BoD roles and functions
- (b) BoD composition
- (c) BoD operation
- (d) BoD support system
- (e) BoD culture and communication
- (f) BoD risk management and internal control
- (g) Executive Nomination Meeting and Executive Compensation Meeting operation
- (h) Shareholder dialogue
- (i) Continued BoD improvements

Respondents evaluated themselves on a four-point scale in response to questions relating to the evaluation items. They were also free to add their own thoughts on the characteristics of the BoD and points that they felt would be necessary in enhancing the effectiveness thereof. Upon completing their responses, they then submitted their surveys directly to the third-party body.

Evaluation results

Based on the third-party body's report detailing its aggregation and analysis, the BoD discussed and confirmed the following points.

(1) General evaluation

(a) The BoD is making solid, gradual progress on improvements by taking advantage of social gatherings of management personnel*, enhancing discussions on the Executive Nomination Meeting, and taking other steps.

(b) Improvements have been made in efforts aimed at "enhancing the quality of discussion of medium- to long-term management strategy" and "enhancing discussions on the establishment of a system to appropriately address newly identified risks," two areas for improvement that emerged in last fiscal year's evaluation.

* Events for the exchange of opinions on important topics for corporate management, held by directors and corporate auditors but not requiring resolution

(2) Characteristics of the Subaru Corporation BoD

(a) A BoD with a focus on the monitoring function

Both inside and outside officers recognize that the roles of the BoD are to examine the execution of business and monitor the status of various initiatives.

(b) A framework conducive to open provision of information to the BoD

Business divisions appropriately provide information to outside officers through measures such as sharing internal information, offering opportunities for visits to factories and other sites, and utilizing social gatherings of management personnel. The company environment where outside officers can obtain access to internal materials and contact inside officers as necessary.

(c) A united commitment to enhancing the value of the Subaru brand

Outside officers share in Subaru employees' consistent commitment to pursuing the "Evolution of the SUBARU Difference."

(3) Future points to examine for further enhancing the effectiveness of the BoD

(a) Discussing medium- to long-term management strategy (a continuing point for examination)

The BoD confirmed the need to establish common ground in approaching discussions of medium- to long-term management strategy in the automobile industry, where constant, rapid transformation contributes to a lack of clarity and certainty, so that it can optimally fulfill its supervisory responsibility.

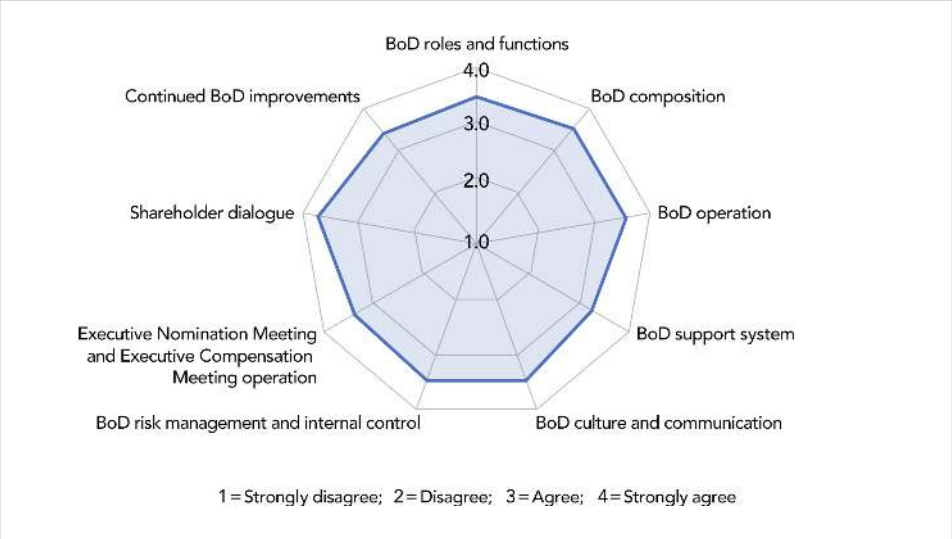
(b) Further bolstering the support system for outside directors

The BoD confirmed the need to work on rolling out information via the BoD Secretariat in order to help outside directors perform their functions more effectively than before.

(c) Further improving the effectiveness of the Executive Nomination Meeting

The BoD confirmed that it has been making solid progress through various efforts, including discussions of succession plans for the CEO position and other posts as well as skills matrices for officers, and will strive to implement continuing initiatives and propel further evolution.

Survey results



The figure above presents this year's results only without any comparison to the previous year's results, as this year's survey used a new, reorganized set of evaluation items.

Evaluation Item	
(a) BoD roles and functions	Recognition of the roles and functions of the Board of Directors
	Delegation of authority to execution
	Reporting system
	Supervision of corporate management
(b) BoD composition	Size of the Board of Directors
	Composition of the Board of Directors (ratio of inside to outside directors)
	Composition of the Board of Directors (diversity and expertise)
(c) BoD operation	Frequency, length, and time allocation of meetings
	Relevance of agenda items
	Timing of proposals and discussions
	Quality and quantity of documents
	Timing of document distribution
	Prior explanation
	Content of explanations and reports
	Discussions by the Board of Directors
	Leadership by the Chair
(d) BoD support system	Environment and systems for the provision of information
	Provision of information to outside officers
	Training of outside officers
	Training of inside officers
(e) BoD culture and communication	Diverse values
	Stakeholder perspectives
	Directors and business divisions
	Inside and outside directors
	Directors and corporate auditors
(f) BoD risk management and internal control	Risk management
	Group governance
	Internal control and compliance
(g) Executive Nomination Meeting and Executive Compensation Meeting operation	
(h) Shareholder dialogue	Supervision of proper disclosure of information to shareholders and investors
	Sharing the views of shareholders and investors
	Enhancing dialogue with shareholders and investors
(i) Continued BoD improvements	Status of improvements based on the previous fiscal year's effectiveness evaluation

Approach to the CEO Succession Plan

SUBARU 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.

In order to hand over the business to the right person, the BoD, 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 BoD 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 their 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 BoD 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. To this end, SUBARU discloses 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

Executive Officer Training

Category	Training Policy / Major Ongoing Programs
Directors Corporate auditors	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.
	・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.

Category	Training Policy / Major Ongoing Programs
Outside directors Outside corporate auditors	Policy SUBARU provides its outside officers on an ongoing basis with information relating to the Company's corporate statement, 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.
	・The following programs are provided to outside Board members at the time of appointment and subsequently to keep them updated
	- Opportunities for discussions with and briefings from responsible vice presidents about the corporate statement, 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 gathering events with directors and corporate auditors
	- Participation in company-wide business events, such as improvement activity debriefing sessions
Vice Presidents	Policy SUBARU gives vice presidents similar opportunities as those given to directors and corporate auditors, for the purpose of developing human resources to lead its management in the future.
	・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, media response, 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 2023
All executives (including outside officers)	・Newly appointed directors and vice presidents participated in external seminar programs
	・Held a total of three classroom lectures by invited experts on management issues
Outside directors Outside corporate auditors	・Operations briefings offered by vice presidents and others, and related discussions
	・Held a total of four discussions with directors and corporate auditors on management issues
	・Outside directors and outside corporate auditors participated in external presentations and exhibits about future technologies and quality solutions

Directors, Auditors, and Executive Officers

Nomination Criteria

- The outside directors are expected to perform a monitoring function independent from the management team and provide appropriate advice on management on the basis of a 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.
- SUBARU 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 the Outside Officers and Major Activities

		Independent Officer Status*	Reasons for Appointing	Significant Concurrent Positions (As of June 30, 2023)
Outside Directors	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 also 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 appointed Mr. Abe with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate director of the Company.	Outside Director, HOYA Corporation
	Miwako Doi	○	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, Ms. Doi was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management for the generation of new innovation. In light of this, the Company has appointed Ms. Doi with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate director of the Company.	Auditor, National Institute of Information and Communications Technology (NICT) (part-time) Executive Vice President, Tohoku University (part-time) Executive Director, Nara Institute of Science and Technology (part-time) Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.
	Fuminao Hachiuma	○	Mr. Fuminao Hachiuma has abundant experience and knowledge acquired through his involvement in management in a broad range of fields including overseas business at Ajinomoto Co., Inc. and its group companies as well as promotion of strengthening of corporate governance and management reform of J-OIL MILLS, INC. as Representative Director and President. In light of this, the Company has appointed Mr. Hachiuma with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate director of the Company.	Outside Director, Seven & i Holdings Co., Ltd. Outside Audit & Supervisory Board Member, YKK AP Inc.
Outside Corporate Auditors	Yuri Furusawa	○	Ms. Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of work style reform, active participation by women and diversity in the Cabinet Secretariat, as well as in the overseas business development in the private sector, giving her a broad perspective and a high level of insight. In light of this, the Company has appointed Ms. Furusawa with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate auditor of the Company.	Outside Audit & Supervisory Board Member, Kubota Corporation
	Yasumasa Masuda	○	Mr. Yasumasa Masuda has experience in corporate planning and served as CFO at Astellas Pharma Inc. and has deep insight in overall management with focus on financial and accounting. He has also served as Independent Non-Executive at Deloitte Tohmatsu LLC and Outside Director and Chairman of the Audit Committee at Olympus Corporation, giving him a broad perspective and a high level of insight. In light of this, the Company has appointed Mr. Masuda with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate auditor of the Company.	Outside Director, Chairman of the Audit Committee, Olympus Corporation

* Independent officers: Outside directors and outside corporate auditors with no risk of a conflict of interest with general shareholders as stipulated by the stock exchange.

Compensation for Directors

Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

SUBARU deliberated and decided on the proposal of the Policy for Determining Details of Compensation for Individual Directors approved by the Executive Compensation Meeting at the Board of Directors' meeting held on March 3, 2022. To the right is the summary of the policy.

Policy for Determining Details of Compensation for Individual Directors

1. Basic policy

As a basic policy, compensation for directors of the Company is determined in view of the following items:
(1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.
(2) 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.
Specifically, for directors (excluding outside directors), compensation is composed of basic compensation, annual performance-linked bonus, and restricted stock compensation (for non-resident officers, phantom stock instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

2. Policy for determining the amount of monetary compensation excluding performance-linked compensation (hereinafter, the "Fixed Monetary Compensation"), performance-linked compensation, and non-monetary compensation (including the policy for determining the timing or conditions for granting such compensation)

(1) Policy for the Fixed Monetary Compensation
Directors receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual directors is determined based on their positions, taking into consideration elements such as the business environment.

(2) Policy for performance-linked compensation
For annual performance-linked bonus for directors (excluding outside directors), we have set a compensation table based on rank and the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year. In addition, in order to encourage the achievement of goals in the Group's medium- to long-term strategy, a portion of restricted stock compensation (described in (3) below) to be granted as non-monetary compensation will be PSUs, where the number of shares granted is linked to the degree to performance target achievement. In addition to consolidated ROE, which is the financial indicator emphasized in our medium-term strategy, we will adopt employee engagement as a non-financial KPI for these PSUs.
The Company will review the KPIs for annual performance-linked bonus and PSUs as needed based on changes in the environment and reports from the Executive Compensation Meeting.

(3) Policy for non-monetary compensation
The Company grants restricted stock compensation to directors (excluding outside directors) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. For restricted stock compensation, a portion shall be provided as the fixed compensation type, with the rest as the variable compensation type. Both of these shall be prohibited from being transferred during the recipient's term of office, and this restriction on transfer shall be lifted upon their retirement.
For fixed compensation type restricted stock (RS) compensation, shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors.
For variable compensation type restricted stock compensation (PSUs), units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors. After an evaluation period, shares of the Company's common stock are granted at an amount equivalent to the number of units multiplied by a payout ratio (50% to 100%) determined in accordance with achievement levels for performance indicator targets.
The maximum number of shares of the Company's common stock to be granted as restricted stock compensation to directors, for RS and PSUs combined, is 150,000 per year. In addition, the Company and its directors shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) Company executives shall not, while they serve in their positions as executives and for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur. If a director is a non-resident of Japan at the time shares are granted, the Company shall grant phantom stock in place of and equivalent to the restricted stock compensation that would have been granted, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc., for individual directors

The Company has set the following as a general guideline for proportions of compensation by type for directors (excluding outside directors) in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations (performance-based compensation is a proportion of the base amount).

	Breakdown				Rate	
	Basic compensation	Annual performance-linked Compensation	Restricted stock compensation		President	Directors other than the President
			RS	PSU		
Fixed monetary compensation	●				45%	50%
Performance-linked compensation		●		●	45%	40%
Non-monetary compensation			●	●	25%	20%

The Company shall appropriately review the compensation level and compensation mix in consideration of the Company's business environment, as well as the situation of companies of a similar scale to the Company or industry peers, and other circumstances based on reports from the Executive Compensation Meeting.

4. Matters concerning the determination of details of compensation, etc., for individual directors

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc., of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, annual performance-linked bonus, and restricted stock compensation (includes phantom stock), and their payment schedule. 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. The total amount of compensation for individual directors and the levels of each compensation item are set depending on their responsibilities, and whether he or she is an internal or outside director, by utilizing research data compiled by outside specialized agencies.
To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

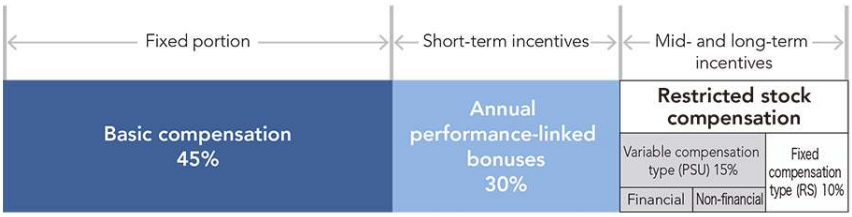
Overview of executive compensation system

Composition of compensation

The ratio of compensation for the Representative Director, President and CEO will be set as 45% for basic compensation, 30% for annual performance-linked compensation, and 25% for restricted stock compensation (15% for variable compensation type (PSU) + 10% for fixed compensation type (RS*)) upon achievement of the KPIs set forth in the STEP mid-term management vision.
As before, outside directors will only receive basic compensation.

*Restricted stock

Compensation System for Directors (excluding outside directors)



Total Compensation for Directors and Corporate Auditors for FYE March 2023

Classification	Number	Total Compensation (Millions of yen)				
		Basic Compensation (Paid in fixed monthly installments)	Short-term Performance-linked Compensation	Restricted Stock Compensation		
				PSU	RS	
Directors (of which, outside directors)	9 (3)	293 (38)	147 (–)	23 (–)	58 (–)	521 (38)
Corporate auditors (of which, outside corporate auditors)	5 (3)	85 (29)	– (–)	– (–)	– (–)	85 (29)

*The restricted stock compensation in the above table includes the amount of phantom stock expense recorded for grants to non-residents.

Preventing Conflicts of Interest

The approval of the Board of Directors is obtained in advance where a transaction poses the risk of a conflict of interest. A report on the positions that each director has held concurrently over the past financial year is provided once a year at the April meeting of the Board of Directors (a report to confirm that there have been no improper transactions or positions held).

Auditing

Auditing by Corporate Auditors

SUBARU has formulated internal rules to ensure the effectiveness of corporate auditors' audits (e.g., Standards for Corporate Auditor's Audit) and developed a whistleblowing system. In this way, the Company established a framework where the corporate auditors can gather information from directors and employees as needed in case of matters that may cause significant damages to the Company, significant violation of laws/the Articles of Incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of corporate auditors' duties by assigning employees independent from directors to support duties of corporate auditors and making them known to all employees.

Specific matters studied in FYE March 2023

1) Matters for resolution

Audit policy, audit plan and division of audit duties, consent to agenda items for the General Meeting of Shareholders (appointment of corporate auditors), evaluation and selection/dismissal of the accounting auditors, consent to the audit fee for the accounting auditors, preparation of the audit report, etc. for the current fiscal year

2) Matters for reporting

- Report on the results and findings of site visits to Company offices and affiliated companies
- Sharing of information from standing corporate auditors to outside corporate auditors on important company matters, including via the Executive Management Board Meeting and the Executive Meeting
- Status reporting from responsible departments on risk management issues that arise internally or within the industry from a preventive audit perspective

Individual opinions raised by the Board of Corporate Auditors are presented to relevant officers and others as appropriate to gain reference opinions for forming decisions on the execution of business.

Major corporate auditor activities

1) Confirming management monitoring and execution

In accordance with audit plans by corporate auditors, each corporate auditor attends important meetings, including those of the Board of Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee. When in

attendance, they monitor management decision-making processes, seek explanations as necessary, and actively express their opinions. Through exchanges of opinions with directors, vice presidents, and others, as well as site visits to major business establishments and Group companies, corporate auditors also confirmed the status of business execution including the maintenance and operation of internal controls, with a focus on priority audit items.
We also ensure the effectiveness of audits by utilizing remote methods, such as online meetings, as necessary and appropriate.

2) Meetings with departments related to internal controls
Corporate auditors receive regular monthly reports from the Legal Department and the Risk Management and Compliance Office on compliance concerns including the operation of the whistleblowing system, and receive regular reports from human resource departments on the status of issues such as disciplinary cases and industrial accidents.
In addition, corporate auditors receive reports from the departments in charge of managing subsidiaries on the status of governance and internal controls for subsidiaries as appropriate.

3) Cooperation in the three-party audit system
Corporate auditors hold regular audit report meetings with internal audit units, receive reports on all internal audit results, and exchange information and opinions on internal control issues, which are reflected in audits by corporate auditors. Corporate auditors also receive quarterly reports from the accounting auditors on the status of accounting audits and exchange opinions with them as necessary so as to ensure effective and efficient audits, thereby establishing close mutual cooperation in the three-party audit system.
As part of these exchanges, corporate auditors harness opportunities provided by quarterly reports to engage with the accounting auditors from the beginning of the fiscal year with respect to Key Audit Matters (KAMs), including candidate matters, about concepts such as the suitability of audit targets and the state of audit actions.
In addition, corporate auditors of the Company hold meetings to exchange opinions and share information with corporate auditors of Group companies as appropriate, and also seek to collaborate with these corporate auditors by requesting their attendance at site visits of their respective Group companies.

Based on the findings confirmed through the above audit activities, we capture a range of opportunities to engage with the business execution side, including exchanges of opinions with all corporate auditors, the chair of the Board of Directors, and the representative directors, and at Group company presidents' meetings. Through these activities, we share information and provide necessary advice and recommendations for the resolution of important management issues, including the strengthening of Group governance.

Internal Auditing

The Internal Audit Department (15 members) has been established and reports directly to the President. This organization evaluates the state of the development and operation of internal controls with regard to business execution at SUBARU and its Group companies in Japan and overseas from an independent and objective standpoint, providing advice and proposals for improvement. As an initiative to ensure effective internal audits, the Internal Audit Department systematically conducts audits of business execution in accordance with an annual business audit plan prepared at the beginning of each fiscal year, taking into consideration the risks and internal control status of the entire Group. Audit reports on business execution are distributed to all directors, corporate auditors, and relevant departments at the same time as reports are directly made to the President at a monthly reporting meeting. In parallel with this, reports are also made at semi-annual meetings of the Board of Directors and quarterly at joint meetings consisting of all vice presidents.
SUBARU's Internal Audit Department and corporate auditors work together to strengthen audit functions, as described in 3.3) “Cooperation in the three-party audit system” above. In addition, we strive to strengthen audit functions by sharing information with the accounting auditors on audit plans and audit results on a quarterly basis. Furthermore, the Internal Audit Department regularly exchanges information with Group companies that have their own internal audit units, working toward greater cooperation. The Internal Audit Department carries out a yearly evaluation of its own activities and periodically undergoes an evaluation by external experts to confirm that the audit operations are being performed appropriately.

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 units 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 System Related to Financial Reporting

Regarding internal control reporting systems pursuant to the Financial Instruments and Exchange Act, the evaluation of the internal control system related to financial reporting is dated the final day of the consolidated accounting period and is conducted in accordance with generally accepted assessment standards for internal control over financial reporting.
The President and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) evaluated the status of the development of the internal control system related to financial reporting as of March 31, 2023 and affirmed that it has been established properly and functions effectively, and issued an internal control report audited by the accounting auditors to that effect.

- Annual Securities Report and Internal Control Report for FYE March 2023 (Japanese version only)
- Financial Report for the Fiscal Year Ended March 31, 2023

SUBARU Group Governance

The SUBARU Group has established a Group-wide governance stance that contributes to the sound business operations of the Group's global companies in order to maintain and enhance brand value and enhance the overall strength of the Group in response to social demands, including for sound corporate governance.

Group Companies (Affiliates in Japan, Excluding SUBARU Dealerships)

In the SUBARU Group, the Business Administration Department of SUBARU manages each Group company and their businesses to promote more unified activities. In addition, we have created a system in which SUBARU's corporate departments support these activities, thereby enhancing the effectiveness of Group governance.

1. Initiatives in the new group collaboration system

1. Embedding the group collaboration system FYE March 2023 was positioned as a phase to solidify the new collaboration system initiated in the previous fiscal year. We deepened communication between the Business Administration Department and Group companies. We also enhanced coordination among SUBARU's corporate departments to accelerate support to Group companies, ensuring the effectiveness of Group governance activities.

■ Deepening communication with the Business Administration Department
We have introduced and implemented a new tool that allows Group companies and the Business Administration Department to review the goals and outcomes of the year's business activities and governance initiatives throughout the year. Through this, we are not only enhancing communication between both parties but also elevating the quality of governance.

■ Enhancing support for Group companies
Relevant corporate departments are working together to evaluate and gradually implement concrete support measures for Group companies. Specifically, SUBARU is continuing to explore and implement corporate-related measures, including activities in which staff from SUBARU's finance and administration departments share information and provide support in financial and accounting domains to each company in addition to enhancing education programs for Group employees.

2. Initiatives to enhance the effectiveness of governance

As basic governance activities, we continue to promote the development of forums for information sharing and exchange of opinions with Group companies and the creation of educational opportunities. We hold regular presidents' meetings as a platform for sharing and discussing governance-related topics aimed at enhancing Group unity. Moreover, our bi-monthly Management Department Steering Committee meetings play a vital role in sharing information on topics related to corporate matters. In FYE March 2023, these meetings covered 27 topics, enabling us to promptly address legal and regulatory compliance and various challenges. We also initiated review sessions to foster collaborative discussions between SUBARU and

its Group companies regarding strategies to address key corporate challenges. The program commenced full operation in FYE March 2024.
In addition, we are extending SUBARU's employee education programs to cover Group company employees as part of efforts to enhance the quality of Group personnel. SUBARU also continues to dispatch its directors to Group companies and assigns standing corporate auditors appropriately.
Through these efforts, we are working to further improve the effectiveness of Group governance.

Initiatives in the SUBARU Group

- Held meetings of Group company presidents (three meetings in June and November [2022], and March [2023])
- Held Management Department Steering Committee meetings (six meetings from April and then every other month, covering 27 topics)
- Initiated review sessions to foster collaborative discussions between SUBARU and its Group companies regarding key corporate challenges (started in FYE March 2024)
- Information sharing through a dedicated portal site for Group companies
- Held workshops for newly appointed executives (once in April)
- Staff from finance and administration departments share information and provide support to individual companies
- Extended SUBARU's educational framework to Group company employees
- Dispatched personnel from the Business Administration Department of SUBARU to play a part in the management of Group companies by serving as part-time directors
- Enhanced the quality of auditing through appropriate assignment of standing corporate auditors (12)

Dealerships

Enhancing governance at SUBARU dealerships involves the Japan Sales & Marketing Division assuming the responsibilities of the Business Administration Department. This enables close communication between SUBARU and its dealerships, advancing initiatives that contribute to the Group's sustainable growth and medium- to long-term enhancement of corporate value.

Initiatives for SUBARU dealerships

- Established the Risk Management and Compliance Committee
- Developed regulations and established and enhanced operation of an internal control system for audits, etc., conducted by the auditing departments of dealerships
- Held General Meeting of Shareholders and Board of Directors' meetings
- Enhanced the quality of auditing through appropriate assignment of standing corporate auditors (introduced standing corporate auditors at two companies)

Note: Parentheses indicate information as of April 2023.

Efforts to deepen communication between SUBARU and its dealerships

- Held monthly Leadership Meetings with 10 key dealerships we have invested in
- Held Specialist Committee meetings in four areas (sales, service, pre-owned vehicles, and IT) (at least once every six months)
- Held meetings of the Internal Audit Department Liaison Committee (twice a year)
- Implemented dealership audits through SUBARU's Audit Department
- Dispatched part-time directors and corporate auditors from SUBARU to 10 dealerships
- Implemented training for newly appointed executives at SUBARU dealerships
- Implemented dealership controls based on J-SOX

Cross-Shareholding

(1) Policy for cross-shareholding
SUBARU holds listed stocks as cross-shareholdings and engages in dialogues with the companies in question. Each year, SUBARU's Board of Directors quantitatively measures and compares benefits from holding, using dividend yield, and the capital cost involved, using weighted average cost of capital (WACC), in order to verify each. The Company will maintain these holdings only if it deems, based on the results of this verification, that the shares will contribute to its medium- to long-term management and business strategies in a qualitative manner.

(2) Verification details for cross-shareholding

Based on the above policy, SUBARU has steadily reduced the number of listed stocks held as cross-shareholding. As a result, 60 issues held at the end of March 2015 decreased to two issues at the end of March 2021. We consider these two issues to be essential to hold at this time for the following reasons, but we will continue to hold dialogue with these companies at least once a year, and the Board of Directors will evaluate and scrutinize these issues annually to determine whether they should be held or not.

As of March 31, 2023

Issues	Number of shares	Amount reported on the balance sheet (Millions of yen)	Purpose of holding, impact of holding, and reason for increase in number of shares
The Gunma Bank, Ltd.	2,850,468	1,263	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only SUBARU but also local supplier sites in Japan and abroad through its financial services. As the is an important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.
Mizuho Financial Group, Inc.	372,097	699	The Mizuho Financial Group firms have been supporting SUBARU with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.

(3) Criteria for exercising voting rights for cross-shareholding

With regard to the exercise of voting rights for listed stocks held as cross-shareholding, the Board of Directors deliberates on and determines the criteria for exercise with evaluation items such as whether the company is consistently exhibiting poor performance, whether a sufficient number of independent outside directors are in place and if management is supervised appropriately, and whether there are any corporate governance issues present. Although these are our general principles, we hold dialogues at least once a year with companies whose stock we hold to avoid making blanket decisions. Accordingly, we exercise our voting rights appropriately in light of the performance, management policies, and medium- to long-term management plans of the companies in question, as well as from the perspectives of corporate value enhancement, corporate governance, and social responsibility.

In addition, we will continue to verify whether or not our criteria for exercise of voting rights warrant review.

Compliance

Our Approach

At SUBARU, compliance is positioned as one of our most important management issues in our Corporate Governance Guidelines. All officers and employees of the SUBARU Group are deeply ingrained with the commitment to adhere to the Compliance Manual, laws, internal regulations, and social ethics and norms, making it an integral part of their behavior at all levels. In the unlikely event of a violation of set standards, not only could the Company incur damages in accordance with legal regulations, but such incidents could erode the trust and confidence of customers, business partners, clients, shareholders, and broader society. By creating and operating a compliance system/organization, and carrying out activities such as providing different kinds of training, each employee has a strong awareness that thorough Group-wide compliance forms the foundation of SUBARU's management and behaves in accordance with this.

› Corporate Governance Guidelines PDF/468kB (June 30, 2023)

Rules for Compliance

In striving to enhance its compliance-related initiatives, SUBARU has established various rules related to compliance, including the Company-wide Risk Management and Compliance rules, which stipulate its compliance-related structures, organizations, and enforcement methods.

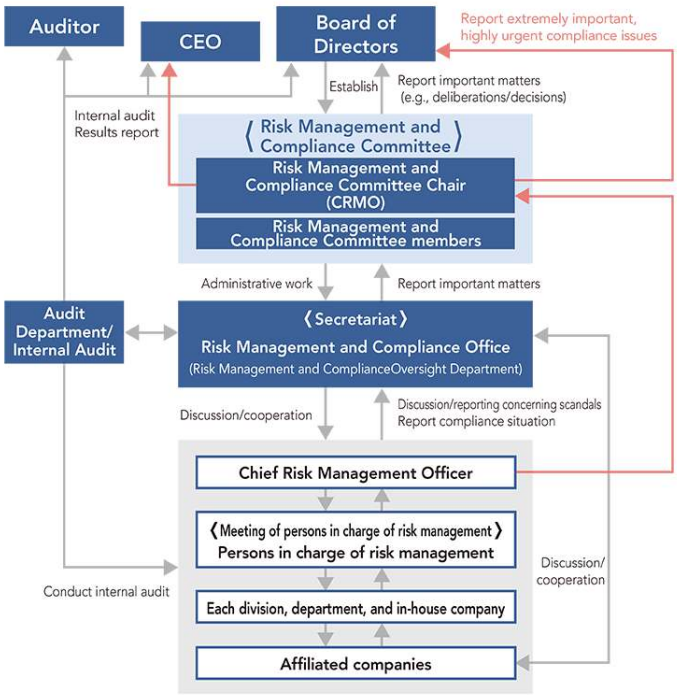
Compliance Manual

Compliance Manual: Essential Version

Management System

The SUBARU Group has established the Risk Management and Compliance Committee, a company-wide organization designed to promote compliance. This committee deliberates, discusses, decides, and exchanges information on important matters related to risk management. We also employ a PDCA cycle, with each department creating its own compliance program each fiscal year to enhance compliance. This involves consistent, structured independent actions for legal compliance management and to foster employee compliance awareness, as well as subsequent verification of compliance status.

Compliance System



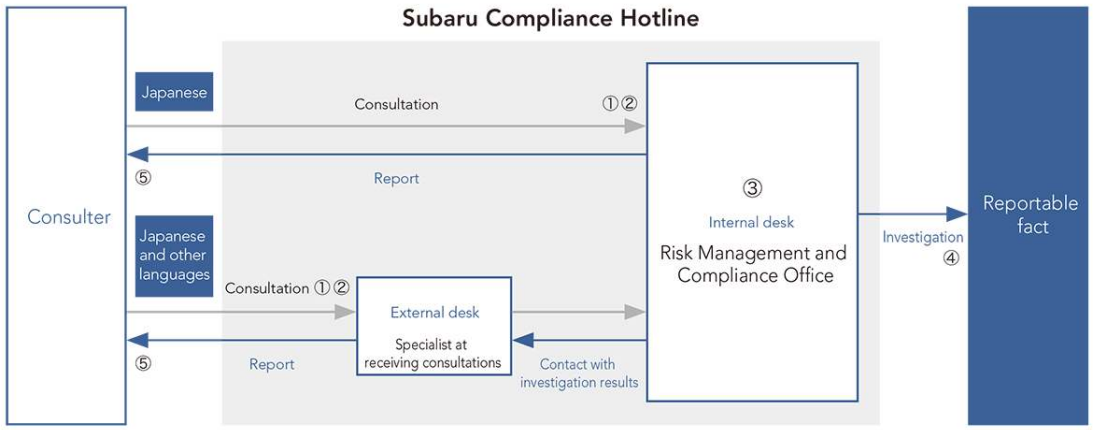
The Chief Risk Management Officer (CRMO), appointed by the Board of Directors, serves as chair of this committee, with the Risk Management and Compliance Office serving as its secretariat. Under the chair's direction, the committee conducts comprehensive oversight of compliance and executes global and Group-wide compliance initiatives, regularly reporting these activities to the Board of Directors.

Compliance Hotline

When regular or temporary employees of SUBARU and its Group companies in Japan detect a problem related to compliance in the Group, they can consult with our Internal Reporting Desk by using the Compliance Hotline.
The Internal Reporting Desk is where employees designated in accordance with the relevant rules receive reports via mail, telephone calls, email, and websites, 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 and security of those contacting the desk. Furthermore, we provide consultation services in four languages (English, Chinese, Portuguese, and Spanish) for foreign workers.
Consultations received through these channels are thoroughly examined by the Risk Management and Compliance Office General Manager, following our internal regulations, to ensure swift resolution. Also, the Internal Reporting Desk reports to the proper management members and the Risk Management and Compliance Committee, working toward preventive measures. We have established a mechanism that enhances the reliability and effectiveness of the internal reporting system by conducting third-party evaluations, led by legal experts, on reported cases and the subsequent actions taken.
There were 270 consultations in FYE March 2023, the details of which are outlined in the table below.
Through initiatives to fully embed this system, SUBARU has improved awareness of compliance and fostered an atmosphere where employees can consult even about trivial matters. This has resulted in an increasing trend in the number of consultations over the previous five years. It is also contributing to the reform of corporate culture as a channel for addressing and resolving workplace issues.

* There were no cases of violations of the Labor Standards Act in FYE March 2023.

Compliance Hotline (Consultation and resolution procedure)



① Receipt of consultation request (internal or external contact)
② Confirmation of the consulting party's intent (anonymity/non-anonymity, requests, etc.)
③ Deliberation by the hotline policy meeting (response policy, etc., based on the consulting party's intent)
④ Investigation and confirmation of corrective actions by the Risk Management and Compliance Office and cooperating parties (human resource departments, workplace managers, etc.)
⑤ Feedback to the consulting party (if necessary)

Breakdown of Compliance Hotline Consultations and Trend over Time

(FYE March)

	2019	2020	2021	2022	2023
Suspected violation or violation	22	14	19	26	24
Labor-related grievances and requests	59	60	65	67	59
Interpersonal relationship grievances and requests	111	136	143	111	178
Others	7	6	9	10	9
Total	199	216	236	214	270

Initiatives

Training

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

In particular, approximately 30,000 employees of SUBARU and Group companies in Japan have participated in video-based online training programs, which was introduced to adapt to work format changes due to the COVID-19 pandemic, thereby raising compliance awareness across a wide range of individuals. In addition, to promote the understanding of key laws and regulations, the Legal Department leads training for legal affairs in practical business for SUBARU and Group companies in Japan. In FYE March 2023, we conducted such training within eight programs covering topics that included security trade controls, the Act on the Protection of Personal Information, and the Subcontract Act. In addition, to complement compliance enlightenment training, study groups are held at each department and affiliated company based on their compliance program, covering important laws and regulations related to their work. These include export controls, the Act on the Protection of Personal Information, the Antimonopoly Act, the Political Funds Control Act, and harassment prevention.

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. We have designed 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 training (Gunma Plant)

Compliance Hotline card

Compliance Hotline poster

Bribery Prevention

At SUBARU and its Group companies in Japan, we consider the prevention of bribery in the connection to our businesses as an important issue, and work to ensure the following approach is rigorously permeated.

- Prohibition of providing, offering, or promising improper entertainment, gifts, favors, or other economic benefits to public officials or persons in similar positions, whether in Japan or abroad
- Prohibition of providing or receiving an amount in excess of socially accepted norms in dealings with business partners and customers who do not constitute public officials or similar persons
- Prohibition of receipt of personal gain as a result of using information obtained in the course of business, establishing boundaries between public and private life

In addition, we have established the company-wide Bribery Prevention Rules, which clarify prohibited and non-prohibited acts when dealing with public officials. SUBARU Group companies overseas have also established guidelines on anti-bribery in consideration of local laws and regulations to clarify the conduct required of employees and executives. In China, taking into consideration unique social conditions, we created the Bribery Prevention Guidelines (with a Chinese translation included). It is distributed throughout our Chinese subsidiaries and forms the official rules of the relevant companies.
Also, anti-corruption is identified as an important issue in the Compliance Manual (Japanese and English versions) issued to domestic and overseas companies. We not only require proper conduct regarding bribery to government workers but also pursue thorough fairness in transactions with private-sector customers and partners.
Under the monitoring system for bribery prevention, SUBARU collects information to ascertain the presence of cases that may constitute compliance violations through fact-finding investigations of all SUBARU divisions. It also strives to detect cases early via business audits conducted by internal audit departments. Furthermore, SUBARU has established a system to report high-risk cases to the Risk Management and Compliance Committee and the Board of Directors, in an effort to strengthen oversight.
In FYE March 2023, there were no fines, penalties, or settlement payments related to violations of anti-corruption laws and regulations within the Group, and no individuals were subject to disciplinary dismissals for such violations.

Security Trade Control

SUBARU, seeking to preserve the peace and safety of the international community, performs independent export control in accordance with the Foreign Exchange and Foreign Trade Act so that consumer products and technology that could be repurposed for military use, including weaponry, do not fall into the hands of countries developing weapons of mass destruction or terrorists (non-state entities).
We have regulations for the purpose of appropriate management of the Group. Also, the Export Control Committee is a body that meets at least once a year to deliberate on Group-wide initiatives. It is comprised of executives from all departments involved in exports, chaired by the director in charge of the Legal Department.
With the goal of improving the level of its management, SUBARU also promotes PDCA cycles, including review of related rules, with a focus on the following initiatives.

- Regular training sessions for management, including members of the Export Control Committee, led by external experts
- Export controls utilizing IT systems (regular system enhancements are made to improve controls)
- Utilization of proprietary checklists in accordance with relevant regulations and on-site voluntary inspections

Enactment of the Tax Policy

The SUBARU Group 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.
In promoting tax strategy and risk management, SUBARU's Finance & Accounting Department reports on these matters to the Chief Financial Officer (CFO), who must approve them before submission to SUBARU's Executive Management Board Meeting and the Board of Directors. Such matters are also reported to the accounting auditors during their audits and to the Board of Corporate Auditors upon request by the respective parties as appropriate.

Tax Policy

The SUBARU Group is able to conduct its business operations thanks to support from society, and it 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 social 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.

Established in June 2020

Risk Management

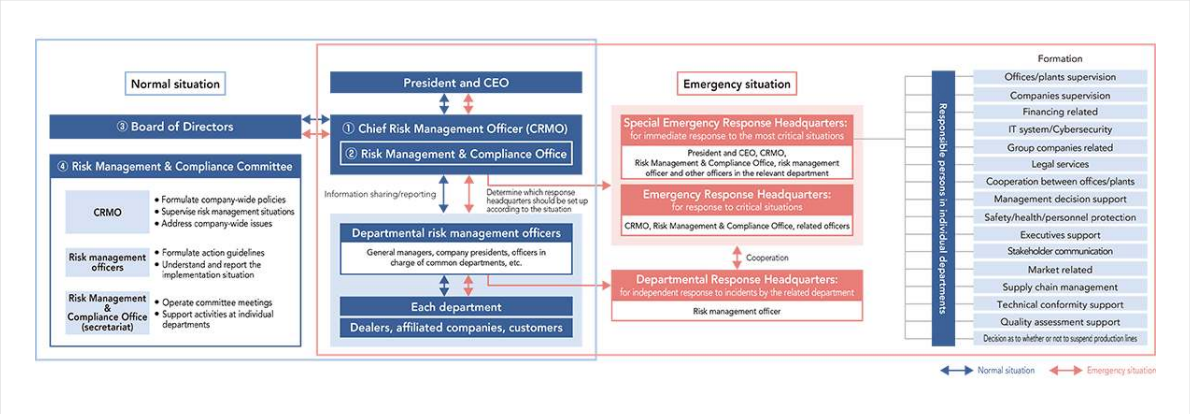
Our Approach

The SUBARU Group is undertaking risk management as one of its key priority management issues, not only to address emergency situations when they arise but also to deal with various risks that have a serious impact on daily corporate activities, as well as to minimize damage when risks emerge.
The automotive industry is ushering in a major transformation, which only occurs once in a hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.

Management System

To prevent the emergence and expansion of risks to the SUBARU Group, the Chief Risk Management Officer (CRMO) appointed by the Board of Directors leads risk management and compliance activities, reporting their status to the Board of Directors. As a system to promote risk management, SUBARU has appointed risk management officers (job grade of Chief General Managers) for each department and established the Risk Management and Compliance Committee. This committee is chaired by the CRMO, and its vice-chairperson is the vice president in charge of the duties of the Risk Management Group, comprised of the Risk Management and Compliance Office and the Legal Department. At this committee, members deliberate, discuss, make decisions, and exchange/communicate information on important matters.
The CRMO leads corporate Group-wide efforts to enhance risk management with professional support from experts in corporate departments, such as the Risk Management and Compliance Office and the Legal Department. In this leadership role, the CRMO works closely with the Corporate Planning Department, which performs division-encompassing functions, as well as different divisions and companies. The Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Risk Management System



Risks Associated with Business Activities

At the SUBARU Group, we extract and identify key risks associated with our business activities and consider measures to combat them.
The major business risks are listed below.
Please note that this is not an exhaustive list of all risks relating to the SUBARU Group.

Risks related to changes in the economic and financial environments

① Economic trends in major markets
② Exchange rate fluctuations
③ Financial markets fluctuations
④ Change in raw material costs

Risks related to industries and business activities

⑤ Focus on specific businesses and markets
⑥ Changes in the demand and competitive environment in the market
⑦ Responsibility related to products, sales and services
⑧ Supply chain disruptions
⑨ Intellectual property infringement
⑩ Information network security
⑪ Compliance
⑫ Stakeholder communication
⑬ Respect for human rights
⑭ Secure and train human resources
⑮ Climate change

Risk of regulations and events in various countries that impact other business activities

⑯ Political, regulatory and legal procedures in various countries that impact business activities
⑰ Impact of disasters, war, terrorism, infections, etc.

Risk Management Initiatives

In FYE March 2023, the Risk Management and Compliance Committee, as part of its initiatives during times of normalcy, continued to promote activities for controlling risks during daily operations. It did this by prioritizing high-impact issues while maintaining a strong awareness of the Risk Map created in FYE March 2021 under our Group-wide Risk Management Policy and Risk Management Code of Conduct formulated for each department. Furthermore, to manage risk in a way that is optimized for the entire Group, we held risk management workshops mainly for risk management officers and employees in charge of risk management. We also brought in an external institution for a third-party diagnosis of committee activities, working to improve risk literacy for committee members and invigorate committee activities.
As specific initiatives, we conducted training sessions with a focus on business continuity during major natural disasters, along with implementing measures to prepare for business continuity in each department. We also formulated initial response guidelines for major disasters to ensure preparedness from times of normalcy, and worked on sharing and enhancing awareness of these action principles.
In addition, we held training sessions related to economic security, specifically on preventing the leakage of technical and other information, through lectures by the Metropolitan Police Department, in an effort to mitigate risk.
Currently, the Risk Management and Compliance Committee is discussing and deliberating on initiatives to mitigate key risks in the SUBARU Group, such as cyberattacks and supply chain disruptions, and regularly monitoring these efforts to enhance their effectiveness.

Risk Management: BCP

Our Approach

In the SUBARU Group, we place focus on initial response during an emergency in accordance with our Emergency Response Policy. In such instances, crisis management headquarters are set up when a serious incident occurs and a response system is promptly and precisely developed. This facilitates rapid business recovery as per our Business Continuity Plan (BCP).

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.

Emergency Response

Emergency Response System

The Risk Management and Compliance Office plays a pivotal role in establishing regulations as part of the emergency response system, and the CRMO centrally collects Group-wide information, establishing a system to manage company-wide responses. When emergency situations arise, we prioritize initial response within a system based on the crisis level of the situation.

Initiatives for Emergency Preparedness

During times of normalcy we work to enhance the speed and accuracy of risk recognition and identification when emergency situations arise to the best of our ability by clarifying the roles of each department and the domain of management responsibilities. Especially with the growing threat of large-scale natural disasters, we have formulated initial response guidelines as action standards to ensure appropriate initial response that prioritizes human life above all. This ensures preparedness from times of normalcy with efforts made to share and enhance awareness of these action principles.
In addition, each department regularly prepares and updates its own rules and regulations, conducts training sessions, and takes other action in preparation for business continuity. Furthermore, each business site works to enhance its own BCP, including specifying key operations and establishing an emergency contact system. In close collaboration with corporate departments, SUBARU is implementing measures to ensure business continuity as well as swift and precise operational recovery.
A company-wide emergency contact system is in place based on the Emergency Response Basic Manual, and we conduct regular drills in our Safety Confirmation System in preparation for information sharing in the event of disasters that may affect the SUBARU Group.

Gunma Plant

A portion of the SUBARU Oizumi Plant premises was apportioned, three tennis courts were built there, and the land was donated to Oizumi Town. At that time, a 3,800 m² storm water detention tank was installed under the tennis courts to help prevent flooding of the adjacent National Highway No. 354 bypass during periods of rainfall.

Construction of the storm water detention tank

Donated tennis courts

Utsunomiya Plant

In FYE March 2018, SUBARU conducted work to bolster storm water drainage capacity as a disaster response countermeasure. As a result, the plant has suffered no flood damage. The measures also helped to combat flooding of the surrounding area.
In FYE March 2020, SUBARU also registered for Utsunomiya City's Registration System for Disaster Prevention Cooperation, building a cooperative system with the local community for times of disaster. Furthermore, in March 2020 SUBARU introduced a cogeneration system that can generate electricity using city gas even during lengthy power outages at the plant, and in January 2023, a new cafeteria was constructed with capacity for over 600 people, creating a safe environment as a temporary shelter in an emergency. This exemplifies our commitment to both employee well-being and regional cooperation.
In addition, we formulated a BCP for major disasters for the Aerospace Company in preparation for large-scale disasters. When devising this plan, the unique attributes of each site (Utsunomiya, Handa, and Kisarazu) were considered, and the fundamental principles of ensuring employee safety, sustaining supply chain management and business continuity, and contributing to the local community's recovery were set in place.

Flood prevention measure (drainage grid) (Utsunomiya Plant)

Subaru of America, Inc.

In preparation for severe disasters, Subaru of America has established stormwater management infrastructure, which includes raising existing site grades by approximately 1.5m and planting wetland vegetation in areas with poor drainage. The company's rain garden helps reduce flooding in the nearby Cooper River through on-site retention of a portion of stormwater.

Supporting Restoration at Suppliers Stricken by Disaster

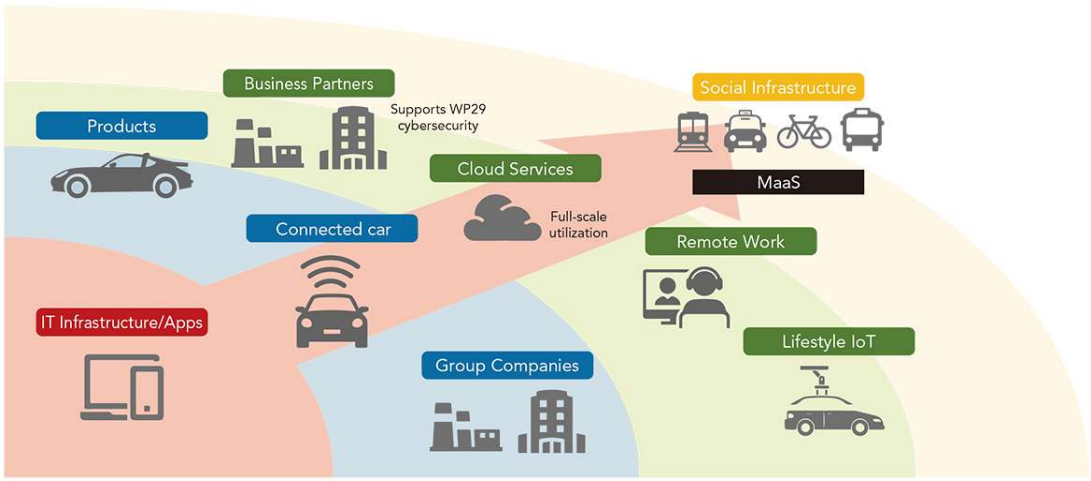
Providing support to suppliers during times of emergency is a major pillar of SUBARU's BCP and is an essential measure for SUBARU, which aims to achieve coexistence and co-prosperity with its suppliers.
In FYE March 2022, SUBARU dispatched a cumulative total of more than 500 workers from the Gunma Plant and supporting companies to provide support for restoration work to business partners affected by factory fires during the period immediately after the fires until the end of April 2021. Support work was primarily focused on cleaning areas where fires had occurred and restoring equipment damaged by soot and extinguishing water discharged to stop the fires. We also dispatched 90 employees for two months from mid-October to support the production of a supplier whose production system had been affected by semiconductor supply problems.
Going forward, SUBARU aims to derive and strengthen its own unique BCP vision.

Risk Management: Information Security

Our Approach

The use of digital data is essential for SUBARU in the course of its business activities. The use of digital data is not limited to traditional information systems but covers diverse realms, including facilities, products, and a whole range of services offered by SUBARU. Being aware of our social responsibility to handle digital data in these realms safely, we have established the Basic Cybersecurity Policy, undertaking information security protection activities Group-wide.

Scope of Information Security for the SUBARU Group



Basic Cybersecurity Policy

Objective

SUBARU CORPORATION and its Group companies (hereinafter referred to as "the SUBARU Group") put in place a Basic Cybersecurity Policy to protect all our conceivable products, services, and information assets from threats arising in the course of our business activities and earn the trust of our customers and society as a whole.

Scope

This basic policy applies to all executives and employees of the SUBARU Group, and also to the employees and other staff of SUBARU's subcontractors.

Initiatives

1. The SUBARU Group will comply with laws, regulations, and standards, as well as security-related contractual obligations to our customers.
2. The SUBARU Group will put in place and operate management systems and internal regulations concerning cybersecurity.
3. The SUBARU Group will establish information security measures tailored to our information assets and strive to prevent and minimize information security incidents. Should such an incident occur, SUBARU will address it swiftly and appropriately, taking steps to prevent recurrence.
4. The SUBARU Group will strive to ensure information security by providing both executives and employees with education and training, as well as undertaking other efforts to raise their awareness of this issue.
5. The SUBARU Group will continually review and strive to improve the aforementioned activities.

Established in June 2018

Initiatives

In FYE March 2023, SUBARU conducted e-learning and video training programs based on cybersecurity management system documents in the three domains of In-Car (interior systems), Out-Car (exterior systems), and information systems.

Objective: Promote understanding of cybersecurity and mitigate practical security risks
Program Details: Education on internal rules requiring compliance in each of the three domains
Program Participants: For In-Car system developers: Approx. 39 individuals (the targeted 849 participants had completed all programs by FYE March 2023)
For general employees and those related to information systems: Approx. 3,902 individuals
Targeted attack email drills for SUBARU dealerships: Approx. 6,342 individuals

SUBARU also conducted security incident scenario training for incident response teams. As well, we regularly carry out internal audits based on our management system on an ongoing basis.
We have been strengthening collaboration with overseas Group companies since FYE March 2022 through regular information sharing and assessments based on company-wide cybersecurity regulations as well as by formulating improvement plans for vulnerabilities that have been identified.
In recent times, due to the significant impact of cybersecurity at the supply chain level on SUBARU's business continuity, we have extended the 2022 edition of our industry guidelines to our business partners. We also continue to provide ongoing support, including visualizing response levels and offering consultations.

Personal Information Protection Initiatives

Within the SUBARU Group, to comply with personal data protection regulations both domestically, such as Japan's Act on the Protection of Personal Information, and internationally, including the EU General Data Protection Regulation (GDPR), we have established internal structures, created regulations, and publicly disclosed our privacy policy.
We are also promoting activities across Group companies worldwide to establish management frameworks that enable the responsible utilization of personal information in compliance with these regulations.

Key Initiatives in FYE March 2023

1) Compliance with Japan's Act on the Protection of Personal Information
- Training for all departmental and office general managers concerning the Act on the Protection of Personal Information (132 employees took part via e-learning)
- Specialized training for SUBARU and Group company personnel (attended by 538 individuals)
- Identification and improvement of management issues by taking stock of personal information held by all departments
- Confirmation of the status of compliance with related internal regulations in all departments (already reflects amendments to the Act on the Protection of Personal Information in 2020)Verified with a check sheet and continued implementing a PDCA cycle
- Confirmation of management status at 18 Group companies in Japan

2) Compliance with overseas personal information protection regulations
- Training for relevant departmental and office general managers concerning the Act on the Protection of Personal Information (23 employees took part via e-learning)
- Specialized training for SUBARU and Group company personnel (attended by 206 individuals)
- Inspection and verification of the handling of personal information overseas by relevant SUBARU departments and Group companies

In FYE March 2024, we will continue to monitor developments toward the enforcement of laws in Japan and other countries, as well as the implementation policies of those laws by relevant authorities to enhance the personal data protection efforts of SUBARU and our Group companies worldwide.

Risk Management: Intellectual Property Protection

Our Approach

The SUBARU Group, after identifying its strengths and weaknesses, has put together a vision for its intellectual property activities with aims to achieve brand management with the SUBARU Difference. The following is the three-point basic policy being carried out.

Basic Intellectual Property Policy

1. Function as a compass for business and R&D strategies using the IP landscape*
2. Throughout SUBARU, we will dedicate ourselves to creating intellectual properties that originate from the market and appropriately manage our intellectual property portfolio to protect and enhance its brand
3. SUBARU will respect the intellectual property rights of others and work thoroughly for patent clearance in product development

* In combination with market information on intellectual properties, analyzes the business environment and support strategic plans

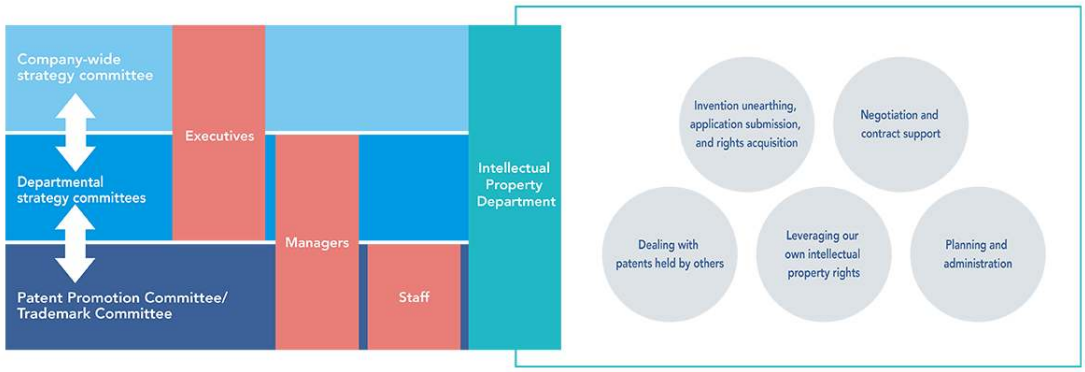
In addition, to aid in minimizing intellectual property risk through business activities that respect the Group's intellectual property, protecting, expanding and securing an advantage in business, and protecting the SUBARU brand and maximizing its value, we have established the SUBARU Group Intellectual Property Policy to set guidelines for the following activities.

SUBARU Group Intellectual Property Policy

1. Business activities that respect intellectual property
   The SUBARU Group shall use and manage intellectual property appropriately, ensure full compliance with the intellectual property rights of other companies, and conduct business activities that respect the intellectual property of both our own and other companies.
2. Management and effective utilization of intellectual property
   The SUBARU Group shall, in principle, use and manage its intellectual property appropriately by fostering information sharing and collaboration between the SUBARU Intellectual Property Department and each Group company. When necessary, it shall establish organizational structures or assign responsible individuals within Group companies to manage intellectual property-related matters.
   The SUBARU Group shall strive to maximize Group-wide benefits by effectively utilizing intellectual property within the Group, including through licensing of intellectual property rights.
3. Handling lawsuits
   The SUBARU Group shall resolve disputes related to intellectual property in good faith and in a comprehensive manner through cooperation between the SUBARU Intellectual Property Department and each Group company being sure to gain the support of stakeholders and prioritize business sustainability.
4. The SUBARU corporate brand logo
   The SUBARU Group shall adhere to the regulations established by SUBARU, including company-wide regulations concerning corporate brand management and the Corporate and Brand Identification Manual, ensuring the proper use of the SUBARU corporate and brand logo.

Management System

Intellectual Property Promotion System



Initiatives

At SUBARU, the Intellectual Property Department manages, protects, and utilizes intellectual property rights belonging to the SUBARU Group and also implements internal activities that aim to avoid infringing on the intellectual property rights of others. The following are specific activities being undertaken.

1. Support the proposal of strategies using the intellectual property landscape
2. Acquire rights for intellectual properties, including technologies, trademarks, naming, and design, and adequately manage the intellectual property portfolio
3. Conduct a comprehensive survey on the existence of intellectual property rights which may hinder business operations and take measures to prevent and resolve such issues
4. Crack down on counterfeit goods globally, including protection measures at borders for oversight and taxation of online sales
5. Secure intellectual properties, ownership of data, and user rights in technology and business contracts
6. Support the management, protection, and utilization of intellectual property by each SUBARU Group company based on the SUBARU Group's Basic Intellectual Property Policy

Risks associated with not taking action

Non-compliance with the principle of respecting the intellectual property rights of other companies could lead to proliferation of counterfeit products and damage to the brand through infringement of other companies' intellectual property rights. This could have a major impact on the Group's business performance and financial position.
In the future, we will work to further strengthen the monitoring of the above efforts by the management team.

Awareness Activities

In the SUBARU Group, the Intellectual Property Department regularly undertakes the following awareness activities to instill behavior in compliance with laws and regulations.

1. Implementing rank-specific training for employees involved in development, tailored to their year of entry into the Company and their position (participants in FYE March 2023: approximately 460), and expanding on-demand education content to support autonomous learning by employees

2. Implementing awareness activities through the Patent Promotion Committee, an organization promoting the creation of inventions and patent application activities in each department
3. Development departments are surveying the intellectual property rights of other parties and securing patent clearance
4. Publication of newsletters aimed at enhancing communication regarding intellectual property with each SUBARU Group company

Rank-specific training

Target	Curriculum
Upon joining SUBARU	Understand intellectual property and employee invention system
Second year	Understand intellectual property and related activities
Mid-level employees	Acquire the intellectual property knowledge required for workplace leaders and supervisors
Managers	Understand SUBARU's intellectual property strategy and attain intellectual property management skills

Appendix

221 Corporate Overview

227 Third-party Evaluations

228 Editorial Policy

Corporate Overview

Corporate Overview

› Corporate Profile Overview

Stock Information

› Corporate Profile Stock Information

Membership of Industry Bodies

Keidanren (Japan Business Federation)

Japan Automobile Manufacturers Association, Inc. (JAMA)

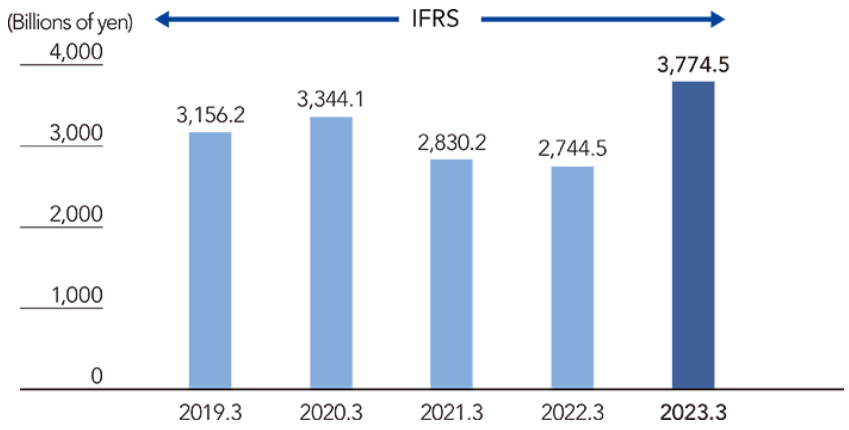
The Society of Japanese Aerospace Companies (SJAC)

Japan Aircraft Development Corporation (JADC)

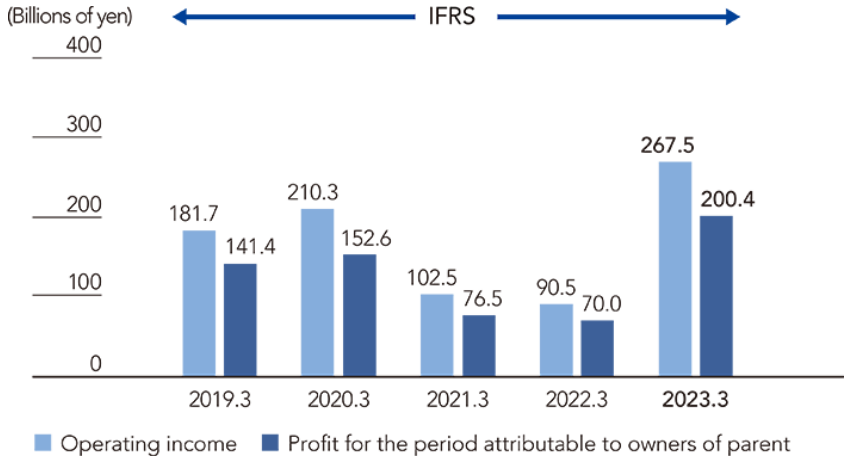
SUBARU strives to enhance collaboration with external institutions in order to fulfill its social responsibilities. Among them are Keidanren, JAMA, SJAC, JADC, and other industry bodies and administrative bodies, as well as local communities in which our business sites are located.

Financial Highlights

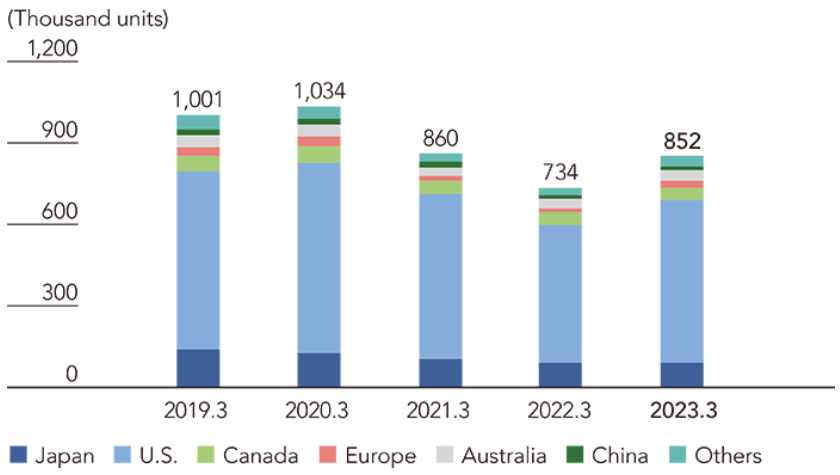
Revenue



Operating Income
Profit for the Period Attributable to Owners of Parent

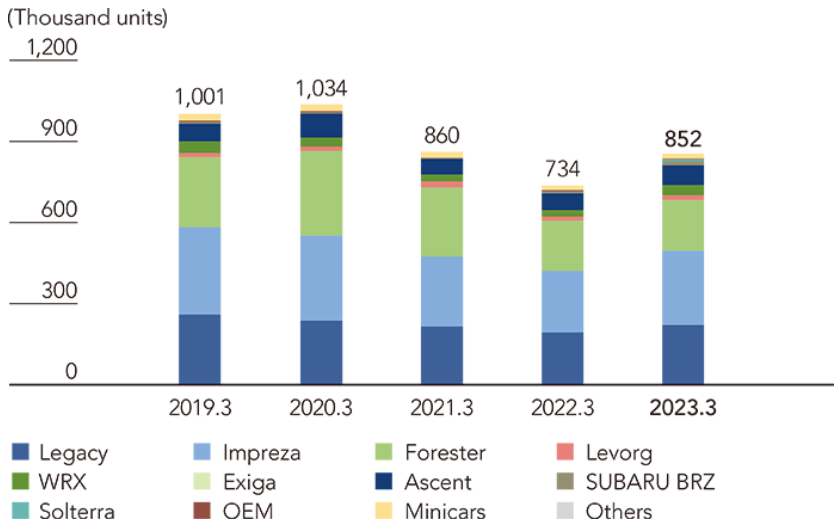


Consolidated Automobile Sales by Region



* Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

Consolidated Automobile Sales by Model



*1 Automobile sales of SUBARU CORPORATION and its consolidated subsidiaries

*2 Legacy sales figures include Outback sales.

*3 Impreza sales figures include SUBARU XV and Crosstrek sales.

Business Segments and Scope of Consolidation

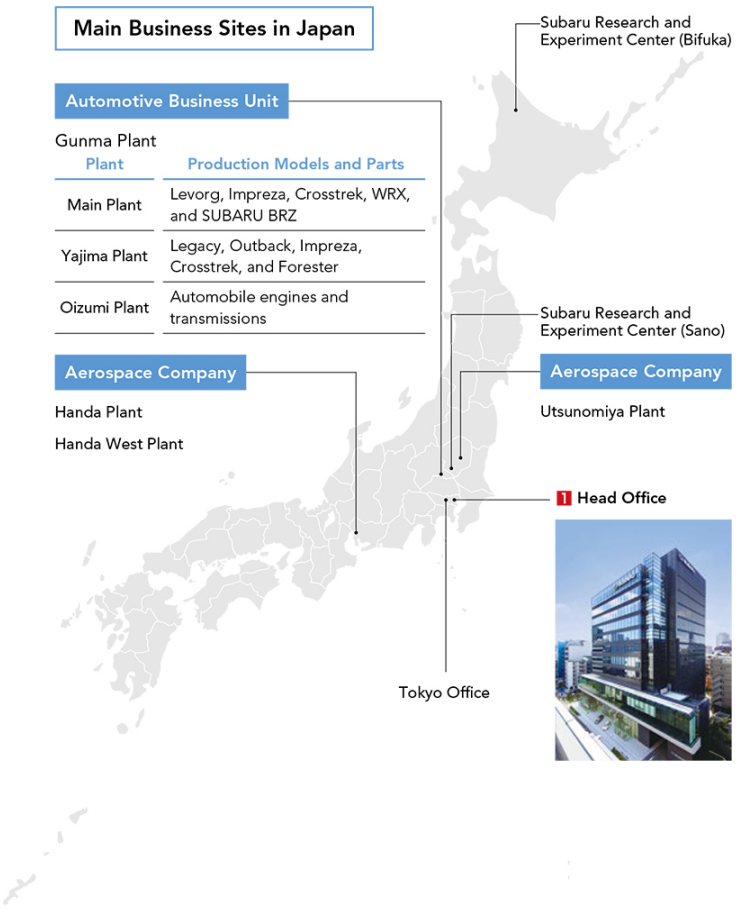
The SUBARU Group consists of three business segments: the core Automotive Business Unit, the Aerospace Company, and Other Businesses consisting of businesses that do not belong to either of the other two segments. In the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023), SUBARU CORPORATION, 73 subsidiaries, and 10 equity-method affiliated companies were included in the scope of consolidation.

Global Network

Global Network

1. Subaru Europe N.V./S.A.
2. Subaru Italia S.p.A.
3. N.V. Subaru Benelux
4. Subaru Vehicle Distribution B.V.
5. Subaru of China Ltd.
6. Subaru Technology Beijing. Co., Ltd.
7. Subaru of America, Inc.
8. North American Subaru, Inc.
9. Subaru Research & Development, Inc.
10. Subaru of Indiana Automotive, Inc.
    Plant Production Models and Parts : Legacy, Outback, Ascent, Crosstrek
11. Subaru Canada, Inc.

Domestic Business Sites



Plant	Production Models and Parts
Main Plant	Levorg, Impreza, Crosstrek, WRX, and SUBARU BRZ
Yajima Plant	Legacy, Outback, Impreza, Crosstrek, and Forester
Oizumi Plant	Automobile engines and transmissions

Product Lineup

Automotive Business

Unit sales : 2,000
Sales regions : Japan, North America, Europe, and other

Unit sales : 68,000
Sales region : North America and other

Unit sales : 189,000
Sales regions : Japan, North America, Europe, Australia, China, and other

Unit sales : 186,000
Sales regions : Japan, North America, Europe, China, and other

Unit sales : 213,000
Sales regions : Japan, North America, Europe, Australia, China, and other

Unit sales : 14,000
Sales regions : Japan and other

Unit sales : 27,000
Sales regions : Japan, North America, Australia, and other

Unit sales : 13,000
Sales regions : Japan, North America, Europe, Australia, China, and other

Unit sales : 23,000
Sales regions : North America, China, and other

Unit sales : 46,000
Sales regions : Japan, North America, Europe, Australia, and other

OEM models

Unit sales : 21,000
Sales region : Japan
(OEM supply from Daihatsu Motor Co., Ltd.)

* Retail unit sales in each region in the period from January 1, 2022 to December 31, 2022.

* Regional sales refer to actual sales during the target period.

Aerospace Company

SUBARU BELL 412EPX

UH-2 for Japan Ground Self-Defense Force (JGSDF)

The Center Wing Section of Boeing 777X

Third-party Evaluations

Third-party Evaluations

SUBARU CORPORATION Selected for First Time as Constituent of FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index

For four consecutive years since 2020, SUBARU has been selected as a constituent of the FTSE Blossom Japan Index, created by the global index provider FTSE Russell, a wholly owned subsidiary of London Stock Exchange Group.
In addition, in 2022 the Company was selected as a constituent of FTSE Russell's newly developed FTSE Blossom Japan Sector Relative Index for the second consecutive year.
The FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index have been adopted as core ESG benchmarks by the Government Pension Investment Fund (GPIF) of Japan, the world's largest public pension fund.

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Index

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SUBARU CORPORATION has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

› FTSE website

Editorial Policy

Editorial Policy

The SUBARU Group (SUBARU CORPORATION and all its subsidiaries) seeks to become a company that is trusted by society by fulfilling its social responsibility as a corporate group, aiming for sustainable growth and contributing to the creation of an enjoyable, sustainable society.
This Sustainability & CSR website, in line with the SUBARU Global Sustainability Policy, outlines the SUBARU Group's approach, targets, and initiatives for sustainability. It aims to promote communication with our stakeholders, including customers, shareholders, business partners, local communities, and employees, and to further enhance our sustainability-related initiatives. The descriptions contained in this website regarding SUBARU's product specifications and equipment refer to Japanese specifications, unless otherwise stated.

Scope of Reporting

In principle, the report covers the SUBARU Group (SUBARU CORPORATION and all its subsidiaries). In this website, the "SUBARU Group" or "the Group" refers to the SUBARU Group; "SUBARU" refers to SUBARU CORPORATION; "affiliated companies (affiliates)" refers to SUBARU's subsidiaries in Japan and overseas, including dealerships in the Automotive Business; and "Group companies" refers to SUBARU's subsidiaries in Japan, excluding dealerships in the Automotive Business.

Reporting Period

- In principle, this report covers FYE March 2023 (April 1, 2022 to March 31, 2023); however, some information listed is from outside this reporting period.

* The departments, titles, etc. of the people introduced in this report are as of the time of writing.

Guidelines Referenced

- GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines 2018 by the Ministry of the Environment, Japan
- Task Force on Climate-related Financial Disclosures (TCFD) Recommended Disclosure Items

Period Issued

- Previous issue: October 2022
- Current issue: October 2023
- Next scheduled issue: October 2024

Special Notice on Prospects

This website includes a variety of statements regarding the prospects, plans, forecasts, etc. for the future of SUBARU and the SUBARU Group member companies. Since the statements contained here are based on past events and available information at the time of this report's drafting, please note that outcomes may differ from forecasts depending on future economic trends, the Group's business environment, and other factors.

Miscellaneous

- Subaru Corporation Website Home Page
- Corporate Profile
- The Subaru Difference
- Investor Relations
  - Integrated Report
  - Financial Report
  - Financial Results

Contact Us

SUBARU CORPORATION
Sustainability Promotion Department

Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo
150-8554, Japan

GRI Content Index/TCFD Content Index

231 GRI Content Index

238 TCFD Content Index

GRI Content Index

In reference to the reporting requirements set forth by the GRI Sustainability Reporting Standards, the content index indicates where you can find the relevant information in the Sustainability Website, annual securities report, Corporate Governance Report, and others.

* Not applicable (NA): Item that is irrelevant or has no cases in which we are involved on a material level.
* –: Item we do not disclose.

Universal Standards

Item Number	Disclosure	Corresponding Sections
GRI 2:General Disclosures 2021		
1. The organization and its reporting practices		
2-1	Organizational details	› Overview
2-2	Entities included in the organization's sustainability reporting	› Editorial Policy
2-3	Reporting period, frequency and contact point	› Editorial Policy
2-4	Restatements of information	› Editorial Policy
2-5	External assurance	-
2. Activities and workers		
2-6	Activities, value chain and other business relationships	› CSR Procurement › Global Network
2-7	Employees	› Employee Data
2-8	Workers who are not employees	› Employee Data
3. Governance		
2-9	Governance structure and composition	› Corporate Governance>Management System › Directors of the Board / Executive Officers › Environmental Risk Management System
2-10	Nomination and selection of the highest governance body	› Corporate Governance>Board of Directors
2-11	Chair of the highest governance body	› Corporate Governance>Board of Directors
2-12	Role of the highest governance body in overseeing the management of impacts	› Corporate Governance>Management System
2-13	Delegation of responsibility for managing impacts	› CSR Promotion System
2-14	Role of the highest governance body in sustainability reporting	-
2-15	Conflicts of interest	› Preventing Conflicts of Interest
2-16	Communication of critical concerns	-
2-17	Collective knowledge of the highest governance body	› Executive Officer Training › Compliance>Initiatives>Training

Item Number	Disclosure	Corresponding Sections
2-18	Evaluation of the performance of the highest governance body	› Effectiveness of the Board of Directors: Evaluation Results
2-19	Remuneration policies	› Compensation for Directors
2-20	Process to determine remuneration	› Compensation for Directors
2-21	Annual total compensation ratio	-
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	› Subaru New Management Policy › Climate Change>Strategy
2-23	Policy commitments	› SUBARU Global Sustainability Policy
2-24	Embedding policy commitments	› CSR Promotion System
2-25	Processes to remediate negative impacts	› Compliance › Respect for Human Rights>Human Rights Due Diligence
2-26	Mechanisms for seeking advice and raising concerns	› Respect for Human Rights>Contact for opinions and consultation services › CSR Procurement>Consultation Service for Non-Japanese Workers › Compliance>Compliance Hotline
2-27	Compliance with laws and regulations	› Bribery Prevention
2-28	Membership associations	› Stakeholder Engagement › Climate Change>External Partnerships
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	› Stakeholder Engagement
2-30	Collective bargaining agreements	› Labor-Management Communication
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	› Process of Identifying the Six Priority Areas for CSR
3-2	List of material topics	› SUBARU Group's Six Priority Areas for CSR
3-3	Management of material topics	› CSR Promotion System › SUBARU Group's Six Priority Areas for CSR › SUBARU Group's Six Priority Areas for CSR TOPIC: People-oriented Car Culture › SUBARU Group's Six Priority Areas for CSR TOPIC: Resonance and Coexistence › SUBARU Group's Six Priority Areas for CSR TOPIC: Peace of Mind › SUBARU Group's Six Priority Areas for CSR TOPIC: Diversity › SUBARU Group's Six Priority Areas for CSR TOPIC: Environment › SUBARU Group's Six Priority Areas for CSR TOPIC: Compliance

Topic-specific Standards

Item Number	Disclosure	Corresponding Sections
GRI 200: Economic		
201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	› Annual Securities Report and Internal Controls Report for the 92nd Period P.71-77 [Consolidated Financial Statements] (Japanese version only) › Annual Securities Report and Internal Controls Report for the 92nd Period P.29 [Analysis of Financial Position, Business Performance, and Cash Flows by Top Management] (Japanese version only)
201-2	Financial implications and other risks and opportunities due to climate change	› Climate Change
201-3	Defined benefit plan obligations and other retirement plans	› Annual Securities Report and Internal Controls Report for the 92nd Period P.84 [Notes to Consolidated Financial Statements] (Japanese version only)
201-4	Financial assistance received from government	› Annual Securities Report and Internal Controls Report for the 92nd Period P.40 [Corporate Information] (Japanese version only) › Annual Securities Report and Internal Controls Report for the 92nd Period P.71-77 [Consolidated Financial Statements] (Japanese version only)
202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	› Human Rights Policy Appendix
202-2	Proportion of senior management hired from the local community	-
203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	-
203-2	Significant indirect economic impacts	N/A
204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	-
205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	› Bribery Prevention
205-2	Communication and training about anti-corruption policies and procedures	› SUBARU Supplier CSR Guidelines › Compliance > Initiatives > Training
205-3	Confirmed incidents of corruption and actions taken	N/A
206: Anti-compretitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	N/A
GRI 300: Environmental		
301: Materials 2016		
301-1	Materials used by weight or volume	› SUBARU Group Material Flow
301-2	Recycled input materials used	› Resource Recycling
301-3	Reclaimed products and their packaging materials	› Resource Recycling > Achievements and Initiatives > Logistics/Sales

Item Number	Disclosure	Corresponding Sections
302: Energy 2016		
302-1	Energy consumption within the organization	› SUBARU Group Material Flow
302-2	Energy consumption outside of the organization	-
302-3	Energy intensity	-
302-4	Reduction of energy consumption	› Climate Change
302-5	Reductions in energy requirements of products and services	› Environmentally Friendly Automobiles > Initiatives
303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	› Water Resources
303-2	Management of water discharge-related impacts	› Water Risk Assessment
303-3	Water withdrawal	› Water Consumption by Source
303-4	Water discharge	-
303-5	Water consumption	› Water Resources
304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
304-2	Significant impacts of activities, products, and services on biodiversity	-
304-3	Habitats protected or restored	› Biodiversity > Initiatives > Overseas
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	› Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	› Climate Change
305-3	Other indirect (Scope 3) GHG emissions	› Climate Change
305-4	GHG emissions intensity	› Climate Change
305-5	Reduction of GHG emissions	› Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	› Prevention of Pollution > Achievements and Initiatives
306: Effluents and Waste 2016		
306-1	Water discharge by quality and destination	› Water Resources
306-2	Waste by type and disposal method	› Resource Recycling > Achievements and Initiatives > Zero Emissions of Waste from Production
306-3	Significant spills	› Hazardous Waste
306-4	Transport of hazardous waste	› Chemical Substances Regulated by Japan's Pollutant Release and Transfer Register (PRTR) Act

Item Number	Disclosure	Corresponding Sections
306-5	Water bodies affected by water discharges and / or runoff	› BCP
307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	› Prevention of Pollution > Achievements and Initiatives
308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	› Green Procurement Guidelines
308-2	Negative environmental impacts in the supply chain and actions taken	› Management and Reduction of Environmentally Hazardous Substances Contained in Parts
GRI 400: Social		
401: Employment 2016		
401-1	New employee hires and employee turnover	› Employee Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	› Systems and Initiatives for Childcare Leave
402: Labor / Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	-
403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	› Occupational Health and Safety > Our Approach/Management System
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	› Occupational Health and Safety>Initiatives
403-4	Worker participation, consultation, and communication on occupational health and safety	› Labor-Management Communication › Occupational Health and Safety > Management System
403-5	Worker training on occupational health and safety	-
403-6	Promotion of worker health	› Health Management > Initiatives
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	› Occupational Health and Safety > Management System
403-9	Work-related injuries	› Occurrence of Work Related Accidents and Accident Frequency Rate
403-10	Work-related ill health	-
404:Training and Education 2016		
404-1	Average hours of training per year per employee	-
404-2	Programs for upgrading employee skills and transition assistance programs	› Career Development
404-3	Percentage of employees receiving regular performance and career development reviews	› Career Development

Item Number	Disclosure	Corresponding Sections
405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	› Directors of the Board / Executive Officers › Employee Data
405-2	Ratio of basic salary and remuneration of women to men	› Comparison of Fixed Wages between Male and Female Employees
406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	-
407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	-
411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	N/A
412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	-
412-2	Employee training on human rights policies or procedures	› Respect for Human Rights > Management System
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	› SUBARU Group's Six Priority Areas for CSR TOPIC: Diversity
413-2	Operations with significant actual and potential negative impacts on local communities	-
414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	› SUBARU Supplier CSR Guidelines
414-2	Negative social impacts in the supply chain and actions taken	
415: Public Policy 2016		
415-1	Political contributions	-

Item Number	Disclosure	Corresponding Sections
416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	› Making Safe Vehicles > Initiatives
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	-
417-2	Incidents of non-compliance concerning product and service information and labeling	› Quality: Automotive Business › Quality: Aerospace Business
417-3	Incidents of non-compliance concerning marketing communications	N/A
418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A
419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	N/A

TCFD Content Index

The table below compares the disclosures recommended by the Task Force on Climate-related Financial Information Disclosure (TCFD) with SUBARU's Sustainability Website, and presents relevant responses to CDP Climate Change 2022.

Governance

TCFD Disclosure Recommendations	Relevant Articles		
	Sustainability Website	Integrated Report	CDP2022
a) The Board's oversight of climate-related risks and opportunities.	Environmentally Friendly Automobiles › Management System Climate Change › Management System	Commentary on Strategy > Environment > Climate Change › Management System	CDP C1.1a, C1.1b
b) Management's role in assessing and managing climate-related risks and opportunities.	Environmentally Friendly Automobiles › Management System Climate Change › Management System	Commentary on Strategy > Environment > Climate Change › Management System	CDP C1.2

Strategy

TCFD Disclosure Recommendations	Relevant Articles		
	Sustainability Website	Integrated Report	CDP2022
a) Climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Management › Targets and Results › Environment Action Plan 2030 and Other Key Environmental Initiatives Environmentally Friendly Automobiles › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Strategy for Transition Risks › Initiatives Climate Change › Risks and Opportunities Identified	Value Creation Story › Message from the CEO › Substantial Revision to 2030 Target for Electric Car Share of Sales Commentary on Strategy > Environment > Climate Change › Strategy	CDP C2.1a, C2.3, C2.3a, C2.4, C2.4a
b) Impact of climate-related risks and opportunities on the organization's businesses and strategy.	› Message on Sustainability from the CEO › TOPICS of the SUBARU Group's Six Priority Areas for CSR: Environment Environmental Management › Targets and Results › Environment Action Plan 2030 and Other Key Environmental Initiatives Environmentally Friendly Automobiles › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Strategy for Transition Risks › Strategic reorganization of domestic production › Initiatives Climate Change › Risks and Opportunities Identified › Strategy	Value Creation Story › Message from the CEO › Substantial Revision to 2030 Target for Electric Car Share of Sales Commentary on Strategy > Environment > Climate Change › Strategy	CDP C2.3a, C2.4a, C3.1,3.2a,C3.2b, C3.3, C3.4

TCFD Disclosure Recommendations	Relevant Articles		
	Sustainability Website	Integrated Report	CDP2022
c) Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	> Message on Sustainability from the CEO > TOPICS of the SUBARU Group's Six Priority Areas for CSR: Environment Environmental Management > Targets and Results > Environment Action Plan 2030 and Other Key Environmental Initiatives Environmentally Friendly Automobiles > Medium- to Long-Term Goals (Long-Term Vision and Milestones) > Strategy for Transition Risks > Strategic reorganization of domestic production > Initiatives Climate Change > Strategy > Medium- to Long-Term Goals (Long-Term Vision and Milestones) > Risk Management	Value Creation Story > Message from the CEO > Substantial Revision to 2030 Target for Electric Car Share of Sales Commentary on Strategy > Environment > Climate Change > Strategy	CDP C3.2, C3.2a ,C3.2b

Risk Management

TCFD Disclosure Recommendations	Relevant Articles		
	Sustainability Website	Integrated Report	CDP2022
a) Describe the organization's processes for identifying and assessing climate-related risks.	Risk Management > Management System > Risks Associated with Business Activities Climate Change > Management System > Risks and Opportunities Identified > Risk Management	Commentary on Strategy > Environment > Climate Change > Risk Management Commentary on Strategy > Risk Management	CDP C2.1, C2.2, C2.2a
b) Describe the organization's processes for managing climate-related risks.	Climate Change > Management System > Risk Management Risk Management > Management System	Commentary on Strategy > Environment > Climate Change > Risk Management Commentary on Strategy > Risk Management	CDP C2.1, C2.2
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate Change > Risks and Opportunities Identified > Risk Management Water Resources > Water Management Risk Management > Our Approach > Management System > Risks Associated with Business Activities > Risk Management Initiatives > BCP	Commentary on Strategy > Environment > Climate Change > Risk Management Commentary on Strategy > Risk Management	CDP C2.1, C2.2

Metrics and Targets

TCFD Disclosure Recommendations	Relevant Articles		
	Sustainability Website	Integrated Report	CDP2022
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental Management › Targets and Results › Environment Action Plan 2030 and Other Key Environmental Initiatives › SUBARU Group Material Flow Environmentally Friendly Automobiles › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Strategic reorganization of domestic production › Life Cycle Assessment Climate Change › Strategy › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Achievements	Commentary on Strategy > Environment > Climate Change › Metrics and Targets Commentary on Strategy › Activities in the Six Priority Areas for CSR in Relation to SDGs	CDP C4.2, C4.2a, C4.2b, C9.1
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environmental Management › Targets and Results › Environment Action Plan 2030 and Other Key Environmental Initiatives › SUBARU Group Material Flow Environmentally Friendly Automobiles › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Strategic reorganization of domestic production › Life Cycle Assessment Climate Change › Risks and Opportunities Identified › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Achievements	Commentary on Strategy > Environment > Climate Change › Metrics and Targets Commentary on Strategy › Activities in the Six Priority Areas for CSR in Relation to SDGs	CDP C6.1, C6.3, C6.5, C6.5a
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Environmental Management › Targets and Results › Environment Action Plan 2030 and Other Key Environmental Initiatives › SUBARU Group Material Flow Environmentally Friendly Automobiles › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Strategic reorganization of domestic production › Life Cycle Assessment Climate Change › Medium- to Long-Term Goals (Long-Term Vision and Milestones) › Achievements	Commentary on Strategy > Environment > Climate Change › Metrics and Targets Commentary on Strategy › Activities in the Six Priority Areas for CSR in Relation to SDGs	CDP C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b