

Message from the President

Change mindset, change actions, change the company, and contribute to a sustainable society

Tomomi Nakamura

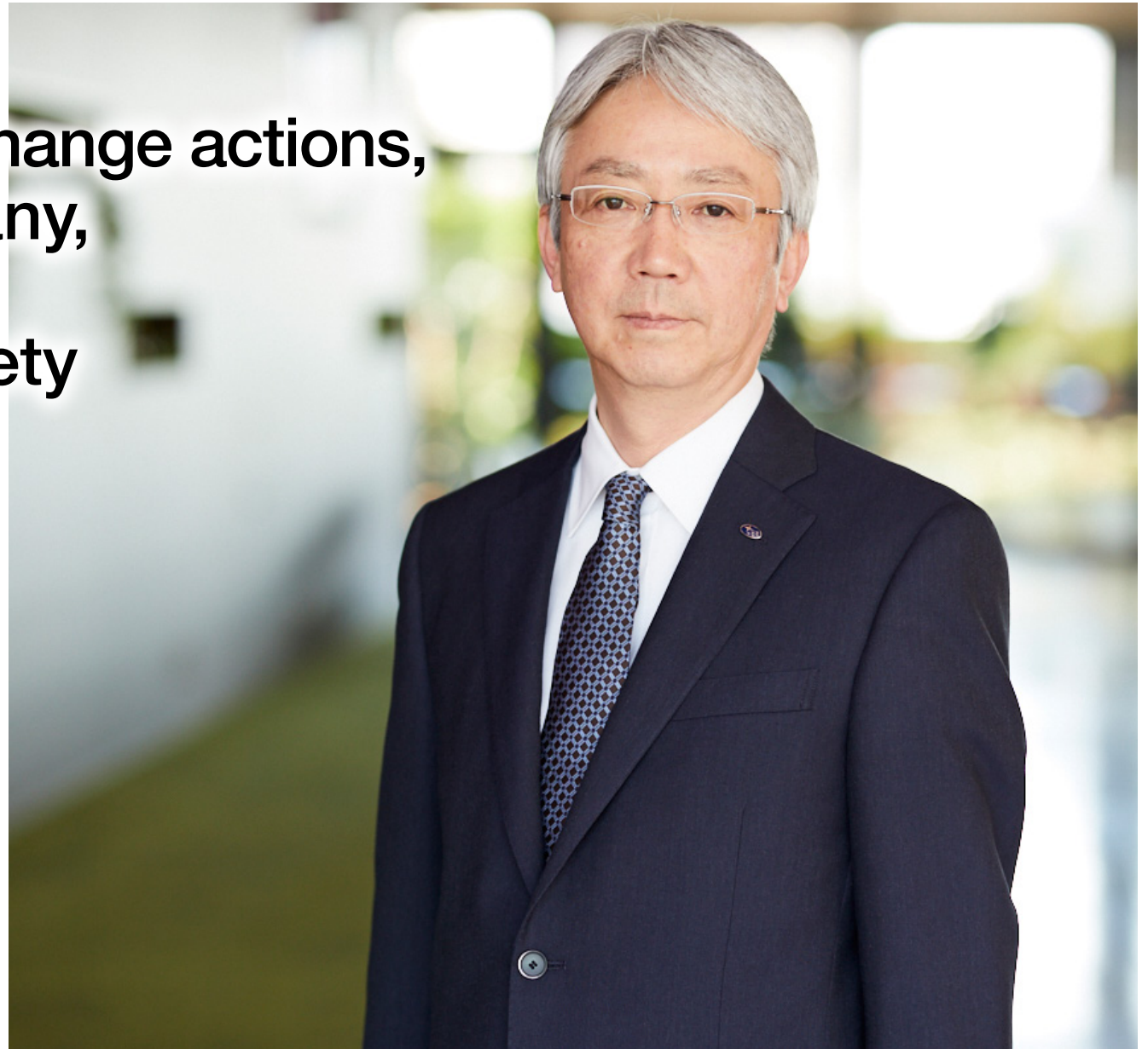
Representative Director of the Board,
President and CEO

Social Problems and the Subaru Group's CSR

Responding to the Novel Coronavirus and Environmental Changes

First, please allow me to express my sympathy to all impacted by the novel coronavirus. I send my deepest condolences to the survivors of those who have lost their lives.

The outbreak of this pandemic has had a large impact on the Subaru Group's operating activities. In production, we had to make unavoidable adjustments that included temporary suspensions of our manufacturing operations both domestically and overseas. On the sales side, we faced various limitations at many dealerships.



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In early February of 2020, the Subaru Group launched the Coronavirus Countermeasure Headquarters, for which I serve as the leader. We strive to prevent the spread of the infection, placing the health and safety of customers, business partners and employees first, based on the ideas of “surviving together with our business partners,” and “our employees are our assets.”

Also, we have been attentive to the needs of local communities, producing face shields for medical use in cooperation with our business partners in Japan and offering them to local medical institutions and regional medical associations near our plants. We provided protective masks to community healthcare organizations in the United States, and donated 50 million meals through a non-profit organization.

It is my hope that we can use this unprecedented crisis as an opportunity to make structural reforms in various domains to



become able to respond to any kind of change in the business environment. Specifically, we plan on improving business efficiency in such ways as reforming workstyles, promoting the reform of the fixed cost structure and integrating the investment selection, and shifting to a resilient business foundation and earnings structure.

Contributing to the SDGs

I believe that the coronavirus outbreak will provide further impetus for achieving a sustainable society.

The Subaru Group conducts CSR activities by leveraging its strengths to find solutions to social problems, aiming to make the creation of a sustainable society and the continuous growth of the Subaru Group compatible. By fulfilling our social responsibility as a corporation, we will become a company that is trusted by society and contribute to creating a sustainable society with ever greater affluence.

The Subaru Group has established a mid-term management vision, STEP, which sets forth our ideal for 2025: From a company making things, to a company making people smile. To achieve this, we have been promoting CSR initiatives in the Six Priority Areas for CSR^{*1} that we selected for FYE2019. To show the Subaru Group's sincere intent to further contribute to the creation of a sustainable society through our business activities, we clarified the SDGs that we contribute to in each field. In the field of Peace of Mind, for example, we are contributing to target 3.6, “By 2020, halve the number of global deaths and injuries from road traffic accidents” through our initiative of achieving zero fatal traffic accidents by 2030^{*2}. Going forward, we will contribute to the SDGs by leveraging the Subaru Groups' strengths in ways such as by reducing the number of deaths and injuries from road traffic accidents while also delivering an enjoyable driving experience.

*1. The six areas of People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, Compliance

*2. Reducing to zero the number of fatal accidents occurring while a driver or passenger in a Subaru vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a Subaru vehicle

FYE2020 Initiatives and Progress with the Six Priority Areas for CSR

Promoting Initiatives Globally in the Group

In order to contribute to solutions to social issues through our business activities and to understand changes in society and the world, it is important to promote and instill CSR initiatives globally in the group. In FYE2020, we further solidified that foundation. Specifically, we established the Subaru Global Sustainability Policy in April 2020. It takes into account the changes in the social environment and all those involved with our stakeholders, and shares our intent with employees globally in the group. At the same time, we established our Human Rights Policy, extended the universal Subaru sense of purpose of “For people” to cover the entire value chain, and clarified our respect for the human rights of all people involved with Subaru.

I believe that sharing these intents and ideas of the Subaru Group globally in the group to align the vectors of our employees and conducting initiatives that grasp the unique needs of each region will serve to strengthen the Subaru brand and lead to the solution of social problems.

Leading Initiatives in Six Priority Areas for CSR with Peace of Mind and Environment

We are making steady progress in our Six Priority Areas for CSR. In FYE2020, we established our “ideal for 2025” as the

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mid-term goal for each area, and we actively expanded in the areas of Peace of Mind and Environment. In Peace of Mind, we are continuing to work on Quality Reforms, one of the most important themes of our mid-term management vision STEP. We have changed employee awareness to focus on Quality First, and made steady efforts in each department involved in the value chain. In April of 2020, the Quality Assurance Management Office was established under direct control of the Chief Quality Officer (CQO) to oversee quality assurance in the entire domestic and overseas group. This system we have created reinforces Quality Reforms on a global level.

Also, we held a Technology Briefing in January 2020 at which we announced our roadmap for achieving zero fatal traffic accidents by 2030. We will focus on protecting people's lives so that our drivers can experience enjoyment and peace of mind, and continue making cars with optimal safety functions.

Also, regarding Environment, the SUBARU Sustainability Principles set forth that "The earth, the sky and nature" are Subaru's fields of business, and we give sufficient consideration as part of our social responsibility. In particular, we are aware that climate change is one of our most important issues. We contribute to the achievement of a decarbonized society by supporting the Paris Agreement, which is aimed at achieving decarbonization at an early stage in the second half of the 21st century.

For that purpose, in FYE2020, we set mid- and long-term targets to reduce emissions of CO₂ from our business activities and products. Regarding business activities, we are aiming for carbon neutrality by FYE2051, and set a goal of reducing emissions by approximately 20,000 tons of CO₂, or 3% of our annual emissions up to FYE2021. For products, we will reduce average well-to-wheel CO₂ emissions from new vehicles (in operation) sold worldwide by 90% or more in 2050 compared to

2010 levels. We will of course meet environmental regulations, and will create Subaru cars that make compatible enjoyable driving and environmental functions in ways that will help our customers recognize the value of these features.

Also, we are establishing our environmental mid-term plan, entitled the Environmental Action Plan 2030. It is aimed at creating a sustainable society and is not restricted to climate change, but acknowledges that we must contribute to solutions for many global environmental problems.

FYE2021 Action Plan

In FYE2021, the third year of our mid-term management vision STEP, in addition with Quality Reforms, we will take aggressive measures toward Changing the Culture. We have been aiming to become a company that is more open to new ideas and where people can say what they want, and have gradually gained good results as the senior executive management takes the initiative in promoting this. However, we are still in the course of achieving our goal, and will continue our efforts.

In our Six Priority Areas for CSR initiative, we are conducting management with the use of a PDCA cycle in order to make steady efforts globally in the group in accordance with our newly enacted policies and plans.

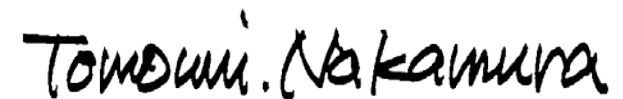
To Achieve Our Initiative "From a Company Making Things, to a Company Making People Smile."

To achieve our initiative "From a company making things, to a company making people smile," we must contribute to diverse

social needs and carry out our social responsibility as a company. "Change mindset, change actions, change the company." It is necessary for the company to change in response to the changes and demands of society. In order to do that, it is necessary that we ourselves change. We will support people who keep a sharp watch on circumstances in the external environment, always reflect on themselves and can quickly respond to environmental changes, and work while thinking for themselves.

Also, I believe that people's desire for movement is everlasting. To make that movement enjoyable and provide a range of experiences to people who want to build lasting memories—that is the value that Subaru has offered in the past, and it remains unchanged. We hope to make the lives of everyone who comes in contact with Subaru enjoyable. We will maintain that desire, and will offer products and services that can live up to the expectations of our stakeholders in any era.

CSR efforts are at the core of management. By sincerely listening to the voices of our stakeholders and incorporating them into our management, we are aiming to solidify the foundation for the sustainability of society and the continuous growth of the Subaru Group, earn resonance and trust with all of our stakeholders, and make Subaru a company that you can love.



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President and CEO