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Statement Concerning Findings of Internal Investigation on Final Inspection of Subaru-Made Vehicles

Subaru Corporation has carried out an internal investigation in accordance with the document issued by the Ministry of Land, Infrastructure and Transportation dated September 29, 2017 on conducting confirmation in light of the final vehicle inspection incident involving Nissan Motor, and the investigation found inappropriate practices in connection with the final vehicle inspection process.

On October 30, the company will report to the Ministry of Land, Infrastructure and Transportation (“MLIT”) the findings of the investigation to date with further detail checking based on the following summary.

Subaru Corporation regrets any inconvenience and concern this matter has caused to its customers and all other stakeholders.

1. Report Content

(1) Final Vehicle Inspectors

The regulations (final vehicle inspection guidelines) submitted to MLIT by the company stipulate that final vehicle inspection is conducted by final vehicle inspectors. However, internal rules require a certain amount of actual job experience to be promoted to the position of final vehicle inspector, so personnel authorized by the onsite manager (Assistant Manager) as having fully acquired sufficient knowledge and skill equivalent to a final vehicle inspector for that process were engaged in inspections under the supervision of a supervisor (Group Leader), so actual practice differed from the regulations indicated in the vehicle type approval application form.

(2) Proxy Certification for Final Vehicle Inspection

Based on Subaru’s internal rules, an inspector prior to promotion borrows the certification seal of a final vehicle inspector and affixes the seal as a proxy. This rule, however, had not been documented.

(3) Confirmation of Regulations Related to Final Vehicle Inspection

Actual practice as indicated in (1) and (2) above had not been incorporated into regulations related to final vehicle inspection, so it cannot necessarily be stated that regulations overall are systematically maintained.

2. Personnel Conducting Final Vehicle Inspections at Subaru

- Personnel engaged in final vehicle inspections at Subaru are those personnel who, first of all, have received necessary education and training on the inspection process for which they are responsible, have been authorized by the onsite manager (Assistant Manager) as having fully acquired the knowledge and skills necessary for final vehicle inspection, and have been designated by the supervisor (Group Leader) to engage in the inspection process for which they are responsible. Regarding certification results, there is a system whereby results are confirmed with a record book.
- The designated personnel engage in final vehicle inspection under the supervision of the supervisor for a set period of time based on each individual’s level of certification (Class 2 Vehicle Service Technician, etc.). Four people total at Subaru as of October 1, 2017.
- After the set period, personnel who have passed an internal written examination receive the title of final vehicle inspector and are removed from supervision, in principle. 245 people total at Subaru as of October 1, 2017.
- As indicated above, there are cases in which inspectors engage in final vehicle inspection prior to formal promotion as final vehicle inspectors, and this had not been documented in regulations.

3. Response Measures and for earnings forecasts

We will systematically review and revise regulations for final vehicle inspections to raise transparency and prevent non-conforming practices and interpretations in the future.

Regarding affected vehicles already sold in Japan, the company is considering a recall campaign.

We will promptly make an announcement if we need to revise our earnings forecasts due to this matter.

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